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USSR Report

INTERNATIONAL AFFAIRS

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WORLDWIDE TOPICS

BRIEFS

UN COMMISSION ON TNC--The 13th session of the UN Commission on Trans-National Corporations is underway in New York. Delegates from developing countries condemned the activity of TNC's which will lead to instability in the world economy, tremendous foreign indebtedness of developing countries, and an increasing disbalance in the trade and currency-financial areas of the world economy. USSR representative V. A. Zvezdin, characterizing the present stage of development of international economic relations and TNC policy, pointed out that under conditions of further intensification of the international division of labor such principles as stability, predictability, reliability, and mutual advantage take on special significance. The totality of these principles and the political will to adhere to them are the most important prerequisites for creating a system of international economic security; this idea was proposed by the USSR and other socialist countries and was approved by the UN General Assembly. The Soviet representative pointed out that a basic solution to the problems of the world economy is impossible without the implementation of the principle of "disarmament for development." At the insistence of the developing and socialist countries the commission called for the soonest adoption of a "code of behavior" for TNC's which should become an important instrument for containing the expansionist policy of the monopolistic associations of the countries of the West. [Text] [Moscow PRAVDA in Russian 10 Apr 87 p 5]

CSO:1825/159-P

EAST-WEST RELATIONS

BULGARIAN PROBLEMS WITH IMPORTING FOREIGN PHARMACEUTICALS DISCUSSED

Moscow IZVESTIYA in Russian 28 Feb 87 p 5

[Article by IZVESTIYA correspondent V. Zakharko and TASS correspondent I. Smirnov: "Medicine from Abroad: or Concerning the Ethics of Mutual Business Relations with Foreign Partners"]

[Text]--Sofiya--Life isn't so short that people don't have enough time for politeness. And this truth has a direct relationship to our story. We will begin in a roundabout way. At the end of the 1970's, the specialized Bioelektronika scientific laboratory and a pharmaceuticals plant with the same name were established in the Bulgarian capital for the development of new medicines and their large-scale manufacture. Stefan Naydenov became head of the laboratory. Here is what the president of the Bulgarian Medical Academy, Atanas Maleyev, had to say about him during a conversation with us.

"Naydenov has higher education in three fields. He is a physician, a physicist and a chemist. This circumstance plays an important role. As is known, nature has no frontiers, to which one or another field of science is exclusively devoted. In nature, everything is unified, everything is mutually related. Thanks to Naydenov's varied knowledge, especially in fields related to medicine, and of course to his talent and enormous love of work, the laboratory which he heads, with its large staff, works more fruitfully than another institute."

From the very start, Bioelektronika has given special attention to the search for remedies to fight malignant tumors. Consideration, of course, has been taken of everything new which has appeared in world scientific literature and practice. As a result, they have succeeded in developing anti-cancer drugs which, in the judgement of Bulgarian medical workers, have proven to be somewhat superior to analogous ones that are already being employed by the American firm, Bristol Meyers. In hopes of confirming this, Naydenov sent his own samples to the firm for chemical analysis. The rapid reply was positive.

"I would like to emphasize in particular," Academician A. Maleyev told us, "that these drugs are not a panacea for all kinds of malignant diseases -- there are, unfortunately, many of them, of these diseases. But, in treating certain types, and under the condition that the disease hasn't been allowed to

develop unchecked, Bulgarian medicines provide good results. This is why we have decided against importing American counterparts and have introduced Naydenov's preparations into everyday use at our oncological clinics, where they have already succeeded in saving many lives. It is also not unimportant, besides, that the manufacture of medicines using Bioelektronika's technology, is considerably less expensive than at Bristol Meyers."

We also met with the general director of the Maimeks foreign trade association of the Bulgarian Medical Academy, Tsoncho Tsonev. He advised that, for several years now, Bioelektronika's preparations have been purchased by West German and Austrian trading firms, which are distributing them in other countries. An interest in these remedies is also being expressed in the Soviet Union.

And this is, essentially, the beginning of a story which compels us to attempt to tell it. Our specialists showed an interest in the Bulgarian innovations, but with, evidently, a definite portion of caution. This is natural, as it has earlier happened more than once that time has not confirmed the effectiveness of medicines that have been loudly praised abroad. Bulgaria itself also takes the same cautious attitude toward new foreign developments. It is true that they have a rule here that, if authoritative medical centers in other countries have already conducted serious clinical studies, showing the reliability of a medicine, Bulgaria limits itself to only chemical testing; this reduces to a minimum the time needed to introduce new products which are purchased.

But various countries have various rules. This is why, S. Naydenov says, that he is understanding of the fact that the management of the oncological center of the USSR Academy of Medical Sciences, after asking for his anti-cancer drug, biokarbazin, nevertheless decided to conduct clinical studies. Naydenov himself brought the samples to Moscow. This was in the summer of 1981, as indicated by the receipt which the Bulgarian scientist received.

"What did they advise you concerning the results of the clinical studies?", we asked Naydenov, with no desire, by this, to cause him to feel awkward. It was as if it were uncomfortable for him to speak but, having remained silent for a time, he nonetheless replied:

"Rumors reached me that biokarbazin recommended itself not badly, but there has been no official answer up until now."

In the course of our conversation, we learned that, at that time, in the summer of 1981, Bulgarian medical workers had also left samples of Bioelektronika's preparations with the USSR Ministry of Health, with the Administration for Introduction of New Medicinal Products and Medical Equipment. Were studies made of them, what sort of data was obtained? Also in this case (during the almost 6 years which have since gone by), nobody has found time to give Sofia any kind of answer.

While nobody in Moscow is hurrying to give official answers to Sofia, requests keep on coming from institutions and private individuals in the Soviet Union to send preparations "on a friendly basis". And the people who are making

these appeals to Bioelektronika are not people who are ill-informed in medicine, but specialists...

Along with other medicines, Bioelektronika has introduced the production of biopirin, which has the curative qualities of analgin. In the opinion of Bulgarian doctors, it is less harmful and more effective than analgin. Naydenov sent biopirin for study to the well-known Hoechst firm in West Germany. The reaction was positive, but we noticed something else. The answer came within a short time. And, indeed, a large consignment of this preparation was sent to Moscow back in 1983, to the USSR State Committee for Science and Technology. Up until this day, there has been no reply.

Once more, we will emphasize that, when new medicines appear, caution is not something that is needed, it is obligatory! And, as stands to reason, it is not the job of journalists to determine what our medicine should add to its pharmaceutical arsenal. This responsibility lies with competent public health organs and institutions, and only with them. What we are interested in, in this case, is the ethics of business relations, the unconditional necessity, in any case, of giving a partner a precise answer: "yes" or "no".

In our country at the present time, there is a drive to see that things that are important to society are done quickly. This also includes matters in the field of foreign economic relations. Documents were recently approved which create the legal, organizational, and economic prerequisites for establishing joint enterprises with foreign participants. But these documents say nothing about one prerequisite. It requires no government decision. It goes without saying. This is the requirement for partners to keep their word, for assiduity, for tact and for politeness. Without these, mutual relationships are unthinkable in the business world, in that world into which we are moving on a broad front today. As if it were something unattainable for us, we have read and heard that, when some representative of a foreign firm gives his word, this is already a guarantee that this oral agreement will, unconditionally, be fulfilled. Each one of us who is now preparing himself to enter into direct international collaboration must recognize that, if he should only once not fulfill such an obligation, if he should break his word given to a partner, he will, at the same time and for always, besmirch his own reputation.

And here is another thought that occurs to us. Wasn't the lack of tact which was allowed to occur with regard to Doctor Naydenov because of the effect of an old and very widespread habit we have of considering to be best and deserving of our attention not those things which are invented, made by ourselves, at home, or by our closest friends, but, unfailingly, somewhat farther away. And so now, it is as if the course we have set toward joint enterprises has led certain economic managers to search for distant partners while, at the same time, better, more promising propositions can be found much closer -- in the CEMA member countries. There seems to be a particularly sharp need today to study more deeply the possibilities of our friends and not to ignore the scientific and technical ideas and developments that are originating with them.

In conclusion, we will cite the words of Academician Atanas Maleyev: "Bioelektronika is a part of the Bulgarian Medical Academy. And I officially

wish to make the following proposal. If the USSR Ministry of Health is interested in Doctor Naydenov's preparations, we are prepared for three kinds of collaboration -- each one separately or all together. First -- to deliver them to your country on a mutually beneficial basis. Second -- within a short period of time, to introduce the technology for their manufacture at Soviet production facilities. And third -- to create a joint Bulgarian - Soviet enterprise to produce the preparations."

We again repeat: We are not specialists and only they can judge the quality of medicines produced by Bioelektronika. But, nevertheless, it is not a matter of indifference to us to know whether, at least this time, the answer is "Yes" or "No".

13032

CSO: 1825/136

EAST-WEST RELATIONS

BOOK ON WEST'S SPECIAL SERVICES REVIEWED

PM301255 Moscow KRASNAYA ZVEZDA in Russian 29 Mar 87 First Edition p 3

[Book review by Colonel V. Borisov: "Imperialism's Secret Legion"]

[Text] A certain young man, well pleased with himself, was wandering down the street in the summer in one of our cities. On his head was a bright American cap, on his nose were ornate spectacles from which, to be even more chic, he had not removed the maker's label. It was obvious from a long way off that he was proud of himself. It obviously seemed to the young man that his colorful exterior would generate sincere admiration and burning envy in everyone he met. But he was wrong to think so, notes the author of a sketch included in an anthology published by the "Moskovskiy rabochiy" Publishing House (footnote) (Special Services' Secret Aims. Anthology. [Taynyye tseli spetssluzhb. Sbornik] Compilers I. Kozlov and G. Anatolyev. Moscow, Moskovskiy Rabochiy Publishing 1986, 223 pages, price 40 kopeks) and he was wrong to take no interest in the meaning of the foreign inscription decorating his cap. Some joker from across the ocean had written on it: "I'm a weirdo."

It must be supposed that the external appearance of this young man obviously unburdened by common sense would have been to the taste of the Western specialists in acts of ideological subversion who gamble specially on young people in their subversive anti-Soviet activity. The book convincingly shows how bright imported finery and loud advertising sometimes become a good bait with which Western fishermen entice immature, unstable people. This bait is offered particularly zealously to Soviet citizens who have gone abroad on business or tourist trips. "On the territory under our control," one CIA leader has openly admitted, "people become far more accessible. The expenditure on 'meetings' with them is minimal. We have a free hand. Where else can we communicate with representatives of Russia with such freedom?" The items in the anthology describe in detail the means and methods of the special services--that secret legion of imperialism which makes active use in its dirty work of various renegades and traitors, anti-Soviet organizations and cetners, and the entire arsenal of acts of provocation and subversion.

The crews of Soviet merchant and scientific ships are a subject of special attention for the West's subversive anti-Soviet organizations. Under any pretext the agents of the special services seek to penetrate our ships and bring various ideological poison in bright packaging. Aiming at Soviet sailors, the notorious

anti-Soviet emigre organization maintained by the CIA, the so-called People's Labor Alliance, has even started publishing a dirty little Russian-language newspaper called VAKHTA.

The Western seats of psychological warfare and acts of ideological subversion are well equipped with all modern means for disseminating the printed word. They publish various harmful garbage discrediting socialism. It does happen that some Soviet citizens take this poisoned bait. The anthology describes in detail the story of the fall of one Pavlov, a Leningrad VUZ graduate who became an agent for the U.S. and West German intelligence services. Pavlov was recruited when he was a member of an expedition on a scientific research ship. Carelessness, frivolity, and the desire for profit led him onto the path of betrayal. Sentenced by a military tribunal, he received the stern punishment he deserved.

In an attempt to shake the sociopolitical bastions of socialism and weaken the socialist states' defense capability, the Western special services do not spurn even the most perfidious means. The enemy has a thousand faces, the book stresses, but in their actions our enemies are united: They are trying to blow up our society from within, to undermine by every means the foundations of our socialist existence. The items in the anthology call for vigilance, for intolerance with regard to the intrigues of the enemies of socialism and any manifestations of alien ideology and morality, including money-grubbing and consumerism. After all these are far from innocuous "birthmarks" which are sometimes discussed with incomprehensible benevolence. The numerous examples cited in this book show convincingly the sometimes irremediable consequences to which ideological instability can lead.

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CSO: 1807/251

SOCIALIST COMMUNITY AND CEMA AFFAIRS

BLOC CONFERENCE CRITIQUES NON-MARXIST CONCEPTS OF SOCIALISM

[Editorial Report] Moscow EKONOMICHESKIYE NAUKI in Russian Number 2 of 1987 carries on pages 115-120 a 4,100-word report on a scientific conference held in Tbilisi 28 October-2 November 1986. The topic of the meeting was "The 27th CPSU Congress and Current Problems of Deepening Criticism of Anti-Marxist Conceptions of the Economics of Socialism" and was attended by scholars from Bulgaria, Hungary, East Germany, Poland, Czechoslovakia and the USSR. Director of the Institute of the World Economy and International Relations Primakov opened the conference. The first report at the plenary session, given by academician of the Georgian Academy of Sciences A.L. Guniya, devoted particular attention to a criticism of bourgeois views on the socioeconomic processes of socialism, saying that such analyses "concentrate on the still existing negative features of the development of the economy of the union republics, which they depict as characteristic of the socialist system as a whole." Other reports were given at the plenary session. Yu. Ya. Olsevich of the USSR Academy of Sciences (AN) Economics Institute discussed the 27th CPSU Congress concept of intensifying socioeconomic progress not only as a scientific basis for transforming the economy but also attacking bourgeois and revisionist theories of socialism. T. Trendfilov from Bulgaria reported on the somewhat more realistic works by bourgeois Sovietologists, although they still expressed the dogma that socialism is the essence of an undemocratic society and promoted the idea of "socialism of a humane type". Polish AN corresponding member G. Holay gave a critical analysis of petty bourgeois theories of small-trade peasant economy and the personal plot. Professor A. Benisch from the GDR reported on the political-economic aspects of the concept of European security. Professor D. Markus from Hungary emphasized the great significance of the 27th CPSU Congress for the international communist movement and especially for Hungary.

E.Ya. Sheynin of the CEMA secretariat said in his report that bourgeois concepts of socialist economic integration were based on bourgeois political economy which rejected the need for central planning. The new economic concepts of Catholic doctrine were criticized by V. Lebedzinskiy of Poland. O.B. Labetskiy from the Institute of the Economy of the World Socialist System (IEMSS) pointed out that the question of the human factor was the object of controversy between the two world views, especially regarding the resolution of economic problems.

Following these reports, the reports of three separate sections were described. T.A. Ashimbayev of the Kazakh AN spoke about attempts of anti-Marxists to explain the socioeconomic achievements of the union republics using the concept of "modernization". A.N. Fedotov from the Latvian AN Institute of Economics also noted the popularity of the "modernization" concept among bourgeois Sovietologists. N.A. Petrovskiy noted changes in bourgeois Sovietology in connection with the restructuring of the Soviet economy.

The second session began with a report by S.A. Khavin from the USSR AN Institute of Economics. He reminded his listeners that criticism of bourgeois concepts of the socialisteconomic mechanism had to take into account the actual difficulties and contradictions in the economy. A.I. Kredisov noted the increased flexibility and concealed methods of anti-communism being used by bourgeois ideologists. P.M. Leonenko devoted his report to questions on the criticism of bourgeois interpretations of reconstruction of the economy while N.V. Zakharova discussed bourgeois economists study of the influence of socialist economic integration on intensified development.

At the third session, A.D. Smirnov of the Moscow Economics and Statistical Institute (MESI) discussed the significance of VUZ research and the training of VUZ personnel in criticizing Sovietologists' concepts. V.D. Sikova and N.M. Manaseryan emphasized the importance of studying actual problems of socialist political economy. V.F. Maksimova of MESI noted the distortions of Sovietologists on the subject of the development of socialist society. N.A. Pilguy of Odessa University analyzed Bourgeois concepts of relations between economic and political factors while G.G. Bogomazov of Leningrad University drew attention to the increased anti-Soviet campaign by bourgeois ideologists in response to the new socioeconomic program advanced at the 27th CPSU Congress. Bourgeois falsification of the 27th CPSU Congress policies was also the subject of the report by A.A. Stulov of the USSR AN Institute of Economics. L.G. Superfin, also from the Institute of Economics, criticized the ideology of contemporary leftist radicalism, which is opposed to scientific-technical and social progress. The left radical idea of the existence of "alienating technology" in real socialism was rejected by T.P. Subbotina of Moscow University, while A.G. Khudokormov criticized the widespread revisionist doctrine on the "crisis of Marxism". A.U. Ulmasov of the Tashkent Institute of the National Economy noted the attention paid to economic development in the Central Asian republics by bourgeois Sovietologists, while the similar attention to Georgia was noted by N. Kivkadze.

The final report was given by S.B. Alpatov of MESI, who noted that many bourgeois ideologists studied the mutual relations between socialist countries and developing countries and had as their common goal "discrediting socialism, combined with the desire to undermine its attraction for the liberated countries, strengthening the positions of neocolonialism."

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THIRD WORLD ISSUES

IZVESTIYA CLAIMS U.S. FUNDS SDI WITH THIRD WORLD DEBT PAYMENTS

Moscow IZVESTIYA in Russian 29 Jan 87 p 5

[Article by Ye. Tarabrin, doctor of history: "SDI: Enemy of the Developing Countries"]

[Text] Plenty has been written about the sinister prospect of a "space war," in which combat space stations would use laser, particle-beam, kinetic, and electromagnetic weapons in orbits over Asia, Africa, and Latin America to attack targets on Earth. What is much less well known is that SDI is already undermining the economies of the third world countries right here on Earth.

American specialists estimate that deployment of SDI will cost three trillion dollars, while keeping it operational will cost another 200 billion per year, according to former defense secretary Robert Macnamara. Where will this money come from? After all, the US is the world's biggest debtor. The national debt "ceiling" established by congress is already over two trillion dollars, while the US's foreign debt, which is now 250 billion dollars, will reach the astronomical sum of 700 billion dollars by 1990.

Aware of these financial problems, the White House is working to get some of the western European countries and Japan involved in paying for SDI. However, they are not likely to get much from them. This being the case, robbing the developing countries plays a key part in US plans. Between 1980 and 1985, developing countries lost more than 120 billion dollars through interest rate increases imposed by the US, while at least another 110 million was lost due to the unfavorable balance of import and export prices. American and US-controlled international financial institutions obtain a huge amount of income through their "debt strangulation" of the developing countries. With a total debt approaching a trillion dollars, interest payments are now around 600 billion dollars per year. In the last five years, the developing countries have put about 580 billion dollars into the coffers of their creditors, with the lion's share of this going to the US.

This "star wars campaign" against the third world has already resulted in a debt liability in excess of export revenues. In Africa, the amount of this excess is 162.8 percent; and for Latin America, it is 269.6 percent. Despite efforts to paint it as a defensive program, SDI has in fact served to accelerate the arms race sweeping the planet. Moreover, without arms

proliferation in the third world, implementing SDI would be extremely difficult. I would like to explain this contention.

With certain exceptions, the developing countries pay high prices to buy weapons. Yet it is too expensive for them to produce these weapons domestically, since the licenses to manufacture them are usually controlled by foreign firms and thus command premium fees. The profits from this trade go mainly to the imperialist powers, which, according to the Financial Times, use the weapons trade to: "obtain more political clout with their buyers." It is no coincidence that the US is first among the weapons exporting nations. And in this way, countries which obtain weapons from Washington serve as one of the US military-industrial complex's sources of income.

Of course, various motivations prompt the developing countries to buy weapons. Those who are trying to defend themselves from imperialist or racist acts of aggression do not turn to the US for help. But since SDI was announced, other countries have already bought at least 12 billion dollars worth of weapons, the bulk of the revenue from which, according to experts, has been used in SDI-related laboratory research or private testing of components of the system. South Korea, for example, will spend more than 5.5 billion dollars on "defense needs" this year, thereby filling the coffers of American weapons producers. Other such deals worth billions of dollars will be made with the Habre regime in Chad and with the racists of South Africa.

The political report of the CPSU Central Committee's 27th Congress said: "Without exaggerating, it is possible to state that the imperialist system survives to a great extent through stealing from and mercilessly exploiting the developing countries." There is a direct relation between the star wars program and the idea of neoglobalism, a philosophy entailing disregard for generally accepted standards of international relations, attacks on national sovereignty, and attempts to deprive peoples of the right to the social structure of their choice.

The star wars program is one of the tools in the arsenal of tricks the US plans to use in order to realize its ambitions of world domination, which will start with America asserting control of the third world and making the countries who are members thereof prisoners of the star wars program. After this, there will be no reason to bomb Tripoli, Damascus, or Managua, since it will be much easier to simply "take them out" with lasers or beam weapons.

The countries of the third world are becoming more aware that SDI, which is already being implemented, is a serious threat to their security. Participants in the International Seminar on Peace and Progress, which took place in Addis Ababa in 1986, condemned the feverish efforts of the US administration to militarize outer space and induce the other NATO countries to help with the SDI program. And the delegates to the 8th Conference of the Non-Aligned Movement issued a political declaration in which they welcomed the program of nuclear disarmament proposed by the USSR.

As the USSR and India noted in the Delhi Declaration on a World Free of Nuclear Weapons and Violence: "The time for decisive and immediate action has arrived." This time has arrived for everyone, including the peoples of the developing countries.

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CSO: 1807/166

GENERAL ECONOMIC AFFAIRS

FOREIGN TRADE BANK OFFICIAL DISCUSSES ROLE OF CREDIT

Moscow EKONOMICHESKAYA GAZETA in Russian No 8, Feb 87 p 21

[Article by G.I. Vasilev, chief, USSR Foreign Trade Bank Foreign Credits Administration, under the rubric "Improvement of Foreign Economic Relations": "New Credit and Settlement Practices"]

[Text] In compliance with the CPSU Central Committee resolutions for improving foreign economic activity, extensive work is being done to provide settlement services and foreign exchange financing for new forms of economic cooperation with foreign countries. G.I. Vasilev, chief, of the USSR Foreign Trade Bank's Foreign Credits Administration, describes its progress.

Changes in foreign economic activities inevitably entail changes in the lending and settlement system. What are the reasons for this? First, there are new promising forms of economic and scientific cooperation. Second, the number of organizations allowed to engage in foreign trade have increased significantly. Here, we are talking about foreign trade departments in 21 USSR ministries, 67 self-financing trading firms formed as part of industrial associations and enterprises, 93 main organizations functioning within the General Program to Promote Scientific and Technological Progress of CEMA Member States, and 8 intersectorial scientific research groups. At the same time, around 700 enterprises in our country can now establish direct links with firms from CEMA member states. Those enterprises and organizations are located in approximately 200 cities and towns.

This has considerably increased the number of banking institutions handling foreign operations. New forms of interactions have been developed between foreign trade organizations, firms, industrial associations, and enterprises on the one hand and the USSR Foreign Trade Bank on the other. Thus, a credit agreement will now have to be signed detailing the forms and terms of settlement as well as how ruble and foreign currency loans will be issued, used and repaid.

Those who engage in external economic activities will be able to get fixed-term loans collateralized by imported or exported goods stored at warehouses, at ports, and en route to the USSR or abroad, and to present letters of credit, secured by invoices issued to foreign or Soviet buyers which provide, from the bank's point of view, a sufficient collateral. Loans will also be issued for other purposes and needs related to importation or exportation of goods and services, settlement of foreign trade contracts, and foreign cooperation.

Left-over material goods on the books of foreign trade organizations and their departments can also be used as collateral, in accordance with the existing rulings and statutes of USSR Gosbank. In the course of reconstruction, the system of external economic relations is being based on the principle of foreign currency self-sufficiency [samookupayemost] and self-financing, and the role of credit in stimulating exports and controlling foreign currency expenditures is being strengthened. All foreign trade agencies of ministries and departments will become subject to a differentiated loan schedule. Under these circumstances, how an enterprise fulfills the foreign currency plan becomes an important criterion by which its financial and business activity is judged. We are talking here about the need to pay more attention in a transaction not only to its financial and business terms, but also to its overall impact on the economy. Above all, this means increasing the export share of machinery and machine tools, of good with high value-added content, and of those which strengthen the export base and help develop production of import substitutes. This also means channeling imports into high-priority sectors of the economy.

Whenever necessary, foreign trade organization, industrial associations and enterprises which are allowed to engage in foreign trade will receive from the USSR Foreign Trade Bank foreign currency loans.

These can be used to buy abroad (or from trade shows in the USSR) goods -- usually, machinery and equipment -- that are not included in the general import plan but are indispensable for managerial or technical programs designed to develop production or improve the quality of exports or goods used in the Soviet economy. (Under conditions, of course, that will result in curtailing or cutting completely, imports of similar products.) In addition, credits are meant for scientific research and development of efficient technologies and in connection with external economic relations -- including foreign exchange expenditures on scientific research, technological research and development, and testing.

Loans will be issued for a period of up to four years on general commercial terms (i.e., market interest rates will be charged on them) and will be guaranteed by the responsible ministry or department. This means that the Foreign Trade Bank will have an unconditional right to charge foreign currency and ruble accounts of that ministry for the necessary sum if the borrower fails to make timely repayment.

If the bank's loan is used to start or expand production of a product used in this country's internal economy, allowing thereby to cut or stop imports, the sources of repayment of the loan will be determined by the USSR Gosplan and the USSR Ministry of Finance.

All these terms will be set in the credit agreement between the Foreign Trade Bank and the borrower. It will specify the schedule of the loan's availability, its use, the settlement system, the schedule of repayment of interest and principal, the responsibilities assumed by both sides, and the means of settling disputes.

The strongest economic effect will be achieved only if the entire range of the above-mentioned measures are implemented, allowing credit to have an active impact on external economic relations and to exercise effective financial control as the management of external economic relations continues to improve.

To cover transactions of the newly created foreign trade organizations, current, credit, and other types of accounts will be established for them at the USSR Foreign Trade Bank in Moscow as well as at its local branches. Foreign currency accounts of ministries, departments, organizations, and enterprises will probably be concentrated in Moscow, while credit and settlement services for enterprises, organizations, scientific production associations and MNTK [Intersectorial Scientific Research Groups] will be provided by their local branches of the USSR Gosbank.

New responsibilities have been placed on banks also by the new USSR Council of Ministers decrees to create joint ventures and international enterprises and organizations in the USSR. USSR Gosplan and the USSR Foreign Trade Bank will have to develop as soon as possible a set of guidelines and instructions specifying credit and settlement systems in this new area of external economic relations.

Changes in the credit and settlement system require banks to provide regular assistance to ministries, departments, organizations, and enterprises. In Moscow and locally, meetings have been held with representatives of sectorial ministries and departments permitted to engage in external economic activity. In cooperation with the concerned departments, several sets of instructions have been developed and approved. Ministries whose foreign trade agencies are the Foreign Trade Bank's clients have been informed as to the schedule of establishing for them current, credit, and foreign currency accounts.

The question of providing training to those employees of sectorial ministries, departments, foreign trade organizations, firms, and USSR Gosbank local branches who will work in the areas of credit and settlement has been essentially resolved.

As the January Plenum of the CPSU Central Committee has stated, the preparatory stage is over. Now efforts are directed at practical deeds.

12892

CSO: 1825/117

GENERAL ECONOMIC AFFAIRS

DELAYS IN ESTABLISHING FOREIGN TRADE TIES DESCRIBED

Moscow IZVESTIYA in Russian 7 Mar 87 p 2

[Article by IZVESTIYA correspondent A. Zinovyev, (UFA): "While Paperwork is Being Settled, an Association is Losing Partners"; first paragraph is IZVESTIYA introduction]

[Text] Half a year has passed since the moment when the Bashneftekhimzavody association, as one of 70 enterprises, received the right to establish direct export-import relations with foreign firms. During this time, a stack of colored brochures, catalogs, and business letters from the directors and presidents of well-known companies in Austria, France, West Germany as well as from advertising agencies and the brokers' offices, has piled up on the desk of the association's general director, M. Kukovitskiy. And all of them expressing their greatest readiness to collaborate. None of the writers of these letters has yet received an answer to his missive.

"There has been nobody to answer them," says Mikhail Mikhaylovich. "We still don't have our own foreign trade firm; we are still trying to establish it."

My interlocutor begins to enumerate the reasons for the delay in its appearance: until recently there were no written guidelines concerning such a firm and no list of the staff members it will have, up until now they don't know what it will be authorized to trade and what it will be able to buy using foreign currency holdings, and, finally, it is not clear what percentage of its earnings will remain at the disposal of the association itself.

But Bashneftekhimzavody's plants do have something to trade: this is the largest supplier on the world market of orthoxylenes and paraxylenes -- base products for production of chemical fibers and plastics.

The Ministry of the Petroleum Refining and Petrochemical Industry, for its part, could have speeded up the process of creating a firm within the Bashneftekhimzavody association by officially resolving once and for all the problems cited above. They are still only talking about all this.

Formalizing documents are necessary. They are gradually being issued and will be issued. But this does not mean that, at the local level, they need only to sit and wait for directions, without doing undertaking any steps themselves.

But time is going by, and with it -- profitable contacts too? Since 1 January of this year, hard currency funds have not been disbursed from the center to this enterprise, which has been given the right to enter the world market, for the purchase of machinery, equipment, materials and other products to meet operating and reconstruction needs. It can make these purchases only on the basis of its own resources. And where are they going to get these funds? And when will show up at the association?

Finally, on 19 February, the ministry issued an order naming a director for the foreign trade firm, L. Sushko -- the chief process engineer at the Ufa Petroleum Refining Plant. He is an experienced, energetic specialist who has worked a number of years abroad. It would seem that he has all the right cards in hand. But day followed day, and Lev Grigoryevich, as before, continued his usual job in his old office at his home plant, in his former position.

What is wrong? Everything was explained when, on 3 March, M. Kukovitskiy came to the plant. It turned out that it was necessary to hold a meeting of the engineering and planning personnel, at which L. Suchko's candidacy for the position would be publicly discussed and put to a vote. And so, they held such a meeting and discussed and voted for him, incidentally, unanimously. This step would seem to be a good one, in the spirit of the times, if it had been carried out on time -- not after the minister's order confirming Sushko as director, but before it.

At the beginning of next week, L. Sushko plans to go to Moscow -- for consultations in the foreign trade offices, for, so to say, short courses in mastering his new duties.

The entire remaining "apparatus" of the firm, consisting of one, lone person -- his deputy, I. Khatuntsev -- is going with him. Altogether, a staff of 25 people is planned for the firm. But when is it finally going to be selected? M. Kukovitskiy has already flown off again to Moscow to settle a number of problems....

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CSO: 1825/137

GENERAL ECONOMIC AFFAIRS

CONCERNS ABOUT JOINT VENTURES ANSWERED

[Editorial report] Moscow GOLOS RODINY in Russian No 10, Mar 87 p 6 publishes an article by A. Yevplanov entitled "Advantageous for All," which addresses the following questions about the joint venture decree: "How will these ties be implemented? Will they not divert our economy to capitalist tracks?" Yeplanov assures the readers that "the decree unequivocally answers these questions: our side will base its work on the laws of socialism" and "the collectives of the joint ventures will begin to work in accordance with our laws." The economic advantages of joint ventures are pointed out, and the publication of BURDA MODEN in Russian is cited as a first sign of the creation of joint firms in the USSR. The author documents foreign interest in such ventures, noting that the USSR Ministry of Foreign Trade has received over 150 proposals from firms in various countries, including the U.S. Monsanto company.

CSO:18 25/160-P

GENERAL ECONOMIC AFFAIRS

BRIEFS

VLADIVOSTOK INTERNATIONAL TRADE FAIR--Moscow. 12 Mar (JIJI PRESS)--A coastal trade fair cosponsored by Soviet and Japanese organizations will be held in Vladivostok, an off-limits area for foreigners until recently, from late May to early June, a diplomatic source said Thursday. The first international trade fair in the naval port city will be cosponsored by Dalintorg, a Nakhodka-based trade body, and the USSR Chamber of Commerce and Industry of the Soviet Union and Japan's Japan-USSR Trade Association and Japan Association for Trade With the Soviet Union and Socialist Countries of Europe. Vladivostok had been an off-limits city for foreigners because there is the largest naval base in the Soviet Far East, but in connection with promotion of economic development of the Soviet Far East, Party General Secretary Mikhail Gorbachev said last summer that the city will be opened to foreigners. [Text] [Tokyo JIJI in English 1335 GMT 12 Mar 87 OW] /9274

CSO: 1812/155

UNITED STATES AND CANADA

FLIGHT OF AMERICAN INDIANS DESCRIBED

[Editorial Report] Moscow KRASNAYA ZVEZDA in Russian 6 Mar 87 p 3 carries an article by V. Voytenko entitled "Strangers in Their Own Land," which describes the fruitless struggle of American Indians to break out of a "vicious circle of poverty and lack of socio-economic and political rights." The main reason for their lack of success, says the author, "lies with official Washington, which along with the large monopolies is conducting a policy aimed at the complete elimination of the Indian tribes." The article is supplemented by statistics on Indian infant mortality, unemployment, suicides, and treaties broken by U.S. administrations.

CSO:1807/264-P

WESTERN EUROPE

RESIGNATION OF SPD'S BRANDT VIEWED

PM011135 Moscow PRAVDA in Russian 30 Mar 87 First Edition p 7

[Own correspondent Yu. Yakhontov dispatch under the rubric "Echo of the Week": "Change of Guard"]

[Text] Bonn, March--On a rainy Monday, 23 March, something happened that was not expected to happen for another year. At a session of the Board of the Social Democratic Party of Germany [SPD] Willy Brandt announced that he was retiring from the SPD chairmanship. He will carry out his duties until the party's extraordinary congress, scheduled for 14 June.

The decision of the 73-year-old chairman, a highly prominent figure in the West German and world social democracy movement, has drawn many reactions here. The newspapers are writing about the end of the "Brandt era," about the fact that there has been no one to compare with Brandt in the last decade [as published] of the FRG's history.

"With Brandt's departure an important epoch in the history of German social democracy is coming to an end," WESTDEUSCHE ALLGEMEINE writes in an editorial. "For almost a quarter of a century he has been chairman of the oldest German party. He was the first SPD chancellor after a 40-year break. Under his leadership the SPD became the strongest party in the Bundestag. He reconciled the West Germans with the East. His tribute to the victims of German terror at the monument in Warsaw was a gesture of historic importance. He deserved his Nobel Peace Prize. His historic merits will figure larger than his omissions or weaknesses due to age."

The press recalls Brandt's role in concluding the treaties with the Soviet Union, Poland, Czechoslovakia, and the GDR which confirmed the inviolability of the European borders and thus laid the foundations for new relations, for the relaxation of tension in the center of the continent. The peace-loving initiatives put forward by the SPD in recent years are the produce of Brandt's ideas and Brandt's will. He has also done a great deal as chairman of the Socialist International, the press writes.

Addressing the board session on 23 March, Brandt intimated clearly enough what prompted him to give up the SPD chairmanship ahead of time. As a man of great experience in politics and life he was obviously aware that the implementation

of the fundamental decisions of the Nuremberg Congress--the constructive contribution to be made to the policy of detente, the rallying of the masses for the struggle against the militarization of space, and measures to secure employment and protect citizens' democratic rights will require much strength and persistence.

And, indeed, Christian Democratic Union/Christian Social Union activists and malcontents within the ranks of the SPD itself are stirring. They have been "inspired" by two SPD defeats in succession at Land elections in 1986, but in particular by the SPD failure in the Bundestag election in January this year. They have tried to blame this on the SPD chairman. An unseemly campaign was launched around Brandt's name, there were attempts to settle old scores, and rumors were started about the weakness of the party leadership. Brandt has described this as the revolt of the Philistines.

While paying tribute to Brandt as a person and to his political experience, many people regard his departure from the leadership of the SPD as a wise decision which will enable the party to renew itself. His resignation has ended the talk of a crisis in the SPD and helped to calm passions on both the right and left wings of the party.

Brandt did not "slam the door." He departed with dignity. "I am leaving the bridge," he said, "but not the ship." He intends to complete his work in the commission reviewing the party program.

To the surprise of the SPD's political opponents and skeptics in its ranks, the party board managed promptly and unanimously to adopt the necessary decisions, giving no one a chance to start talking about a crisis in the party leadership. Brandt's deputy Hans-Jochen Vogel, the head of the SPD parliamentary group, was elected candidate for the chairmanship by an overwhelming majority of votes--32 out of 34. Oskar Lafontaine, leader of the Saar SPD organization, was elected candidate for deputy chairman. The extraordinary congress, scheduled for 14 June, will not only have to approve, or rather elect the aforementioned candidates, it will also have to elect the new federal secretary--a post for which Bundestag Deputy Anke Fuchs has been proposed--and the party treasurer.

At a press conference after the board session, Hans-Jochen Vogel set forth the new SPD leadership's action program. He reaffirmed the party's adherence to the Nuremberg Congress decisions. He called on all party members to spare no effort in swiftly implementing these decisions with a view to providing an alternative to the policy of the country's present government.

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CSO: 1807/250

WESTERN EUROPE

MALTESE PREMIER ON MEDITERRANEAN SECURITY, USSR TIES

PM061405 Moscow PRAVDA in Russian 30 Mar 87 First Edition p 6

[Interview with Maltese Prime Minister K.M. Bonnici by PRAVDA special correspondent N. Miroshnik: "K.M. Bonnici: Nuclear-free Status for the Mediterranean"]

[Text] Valletta, 29 March--Malta's status as a neutral state pursuing a policy of nonalignment is laid down in the constitution, Prime Minister K. Mifsud Bonnici, who is also leader of the Malta Labor Party, noted. For our country it means observign all the basic principles of the Nonaligned Movement. Malta seeks to occupy a position equidistant from the United States and the Soviet Union, from both military political groupings. While acting in this way it is at the same time trying to contribute to reducing tension in the Mediterranean.

Our policy of neutrality and nonalignment, the prime minister continued, must seek to prevent the situation in the region from deteriorating and avoid the danger of armed conflicts occurring here. We believe that as long as the navies of the two great powers confront one another in the Mediterranean that danger will remain. So their removal would contribute to reducing tension. The Soviet Union shares that view. It has said that if the U.S. fleet is withdrawn, it will withdraw its own ships from the Mediterranean. And we consider that approach to be the correct one. The United States has not yet given a positive reply to this initiative. Our policy of neutrality and nonalignment obliges us to display persistence in this matter, K. Mifsud Bonnici noted. And this gives rise to direct contradictions with the United States. We believe that nculear weapons should also be removed from the Mediterranean. Our region must become nuclear-free. Here too contradictions arise with friendly states such as Italy, where there are gases with nuclear weapons, and France, which has its own nuclear capability.

The Maltese prime minister expressed a high opinion of the recent Soviet initiatives concerning the withdrawal of medium-range missiles from Europe. The Maltese Government believes that everything positive and beneficial for Central Europe must be seen as positive and beneficial for the Mediterranean too. If real advances are achieved in this area--and they can be achieved as a result of the adoption of the Soviet proposals on eliminating Euromissiles--the main obstacle in the way of the development of the process of strengthening all-European security will have been removed. I believe, K. Mifsud Bonnici noted, that the prospects for strengthening European security have improved since Mr Gorbachev put forward his new proposals.

In reply to a question about the current state and the future of Soviet-Maltese relations, the prime minister noted that his government is highly satisfied with their constant improvement. The existing bilateral trade agreement benefits Malta in that it aids the development of foreign trade and helps Malta to pursue a policy of neutrality and nonalignment. In fact, until our country established economic links with the socialist states, the interlocutor explained, it was bound hand and foot to the Western market.

There is another argument in favor of their development--of an ideological nature, K. Mifsud Bonnici went on. The Labor Party is a socialist party, and it has been in power in Malta for 16 years now. Therefore, it is natural that it should be seeking to establish closer links with states whose governments pursue the principles of socialism. For our party, from the ideological viewpoint links with the Soviet Union are an urgent necessity, he stressed. We are grateful to the USSR for expressing a high opinion of our approach and our positions and expressing willingness to expand Soviet-Maltese trade relations. In view of the fact that an imbalance persists in our foreign trade in favor of the West, it is necessary to continue expanding these relations. It will help Malta to maintain its policy of neutrality and nonalignment and will help it tackle the problem of unemployment, which remains a major problem for the island. I believe, K Mifsud Bonnici noted in conclusion, that if the spirit that has always dominated them is preserved, Soviet-Maltese relations have a good future.

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CSO: 1807/250

WESTERN EUROPE

UK-USSR CHAMBER OF COMMERCE HEAD INTERVIEWED

LD011829 Moscow World Service in English 1550 GMT 1 Apr 87

[Interview with Ralph French, chairman of the British-Soviet Chamber of Commerce in Moscow by Aleksandr Barabeychik on the "Guest Speaker" program on 31 March--recorded]

[Text] [Barabeychik] On Tuesday the British Prime Minister Mrs Margaret Thatcher opened the permanent office of the British-Soviet Chamber of Commerce in Moscow. Immediately after the ceremony I interviewed the chairman of the chamber, Mr Ralph French:

Ralph, you just received Mrs Thatcher in your new excellent office, what did she say? Was she pleased?

[French] She was extremely pleased. She said it was an excellent start for the British-Soviet Chamber of Commerce office. Everything was magnificent because, bearing in mind we only had the refurbishment started one month ago and now, if you come to the office everything is completed and the workmanship is excellent.

[Barabeychik] Mrs Thatcher had talks in the Kremlin with General Secretary Gorbachev, and they discussed trade.

[French] Yes, she had talks with Mr Gorbachev and he reiterated what he had said in Britain in December 1984. In fact at that time he came to dinner with us and he said that he thinks that trade should increase 40 or 50 percent, because, bearing in mind that the Soviet Union is a superpower and Britain is a major power in Europe, trade should be very much greater.

[Barabeychik] How do you see the outlook for our trade then? What are the areas most promising?

[French] At the moment the trade is [word indistinct], as I have said, happening everyday, and the sort of business that we have at the moment--the highest sales, exports from Britain--are chemicals and fibers, and then it's foodstuffs, and then it's machinery and scientific instruments. So, therefore, the projects must be put into context. They are part and parcel of our overall trade, and although newspapers like to take the idea of projects

and make them as though they're something special, really they are an integral part of trade.

[Barabeychik] Well, now that you are represented permanently in Moscow, what kind of help will you provide for your members?

[French] There are 500 British members and 85 Soviet members. Now, this office here is not just for one side, it's for both sides (?of the course), and we've got to bear in mind that Soviet businessmen need help in selling to Britain just as much as the British members need help to sell to the Soviet Union.

[Barabeychik] Well, how would you assess the role of the Soviet side in organizing your permanent office in Moscow. Were they helpful, cooperative?

[French] They were magnificent, and I have every kind thought for what they have done. Because, even when something which was even a surprise to me, when the Prime Minister came in there was a picture which had only been taken a couple of days ago at the maximum in the Kremlin when the Prime Minister arrived, speaking to Mr Gorbachev sitting on a sofa and there it is, framed in the office and on the wall. This is just an example of that extra-special touch which has been given to make sure that everything is just right.

[Barabeychik] Well, in economical terms, are you satisfied with Mrs Thatcher's visit to Moscow?

[French] The important thing with Margaret Thatcher is that she has given us very strong support and she's given British businessmen very strong support to do business with the Soviet Union. Sir Geoffrey Howe, our foreign secretary, was here as well, and he's giving the British businessman very strong support and this is great encouragement, and we intend to do very much better than we've done in the past.

[Barabeychik] So you think Mrs Thatcher's visit to Moscow was a success?

[French] It is a success. As soon as a prime minister comes here with somebody as important as the foreign secretary and speaks to the most senior people in the Soviet Union, this creates a positive understanding, and I was very impressed with the way Mrs Thatcher was so fond, I think there's no better word than that, of Mr Kamentsev, who was coming around, your deputy prime minister, and she made sure that he understood every aspect of what she was intending to do and every aspect of what the British-Soviet Chamber was intending to do, and she made a particular point, and that is when the British-Soviet Chamber of Commerce's new offices, in other words, expand, [as heard], then Mr Kamentsev must open the expansion so that we have a proper British-Soviet relationship which we have built up over these past 70-odd years.

[Barabeychik] Well, you can't divorce trade from other questions, such as cultural contacts, tourism, artistic contacts. How do we proceed there?

[French] Yes, they're all part and parcel of the same thing, because if you take for example industry, there's design necessary, and this is part of an artistic side. The cultural is part of the way one does business, and so therefore, all of them are all integrated together and we are determined that this office will not be exclusively for just business matters, because businessmen are part of the community and we must participate in the community.

[Barabeychik] Well, and finally, how would you like the future of Soviet-British relations? [as heard]

[French] Soviet-British relations must improve. Despite what a lot of people may think, they're very, very good already. You'll find that many British people and many Soviet people have friends in the respective countries, and we are determined in both countries, I can speak on behalf of both sides of my members, both the British and the Soviet, we're determined that it's going to get better and that we're going to do more business together, and this will make sure that we have a better world to live in.

[Barabeychik] Ralph, I thank you very much.

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CSO: 1812/151

WESTERN EUROPE

FINNISH MINISTER ON EXPANDING TRADE WITH USSR

LD012250 Moscow TASS in English 1528 GMT 1 Apr 87

[Text] Helsinki, 1 April (TASS)--TASS correspondent Vladimir Semenov reports:

Jermu Laine, Finnish minister of foreign trade, has expressed Finland's great interest in further development of mutually beneficial cooperation with the Soviet Union in the economic and trade fields.

He spoke at a seminar which was held at Julaejaerwi near Tampere and which dealt with Soviet-Finnish trade-and-economic relations.

The seminar was arranged by the local branch of the 'Finland-the Soviet Union' Society and by representatives of business circles.

The minister pointed out the Soviet Union's desire to broaden the fruitful trade dialouge with West European countries.

"The utilisation of the benefits of the international division of labour promotes a rise in the well-being of peoples," he stated.

"Finland is an important trading partner to the Soviet Union, just as the Soviet Union is to Finland. At present, new projects for cooperation between the two countries have been planned out within the framework of the current reorganisation in the USSR." Jermu Laine emphasised.

"The two countries' relations enter a new stage. Finland is prepared together with Soviet enterprises to manufacture machines and equipment which are up to world standards."

"This makes certain demands upon the elaboration of joint plans and organisational activities. Finland has a wide experience in such cooperation," he said.

The Finnish minister of foreign trade also pointed out the broadening opportunities for the development of firms' direct contacts with Soviet enterprises, emphasising that the two countries' contacts could be considerably expanded on the basis of border trade.

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CSO: 1807/253

WESTERN EUROPE

SKP HAILS ANNIVERSARY OF SOVIET FRIENDSHIP TREATY

PM071537 Moscow PRAVDA in Russian 7 Apr 87 First Edition p 4

[TASS report: "Sound Basis"]

[Text] Helsinki, 6 April--The 1948 Soviet-Finnish Treaty of Friendship, Cooperation, and Mutual Aid, the 39th anniversary of which is now being marked, ensures the maintenance of relations of good-neighborliness and trust between the countries, irrespective of changes in the international situation. This has been said in a statement issued here by the Politburo of the Finnish Communist Party [SKP] (Unity) organizations' Central Committee.

Having a sound basis, the ties between the two countries, the document points out, are developing successfully in various spheres. The treaty, whose clauses have lost none of their topicality, plays a substantial role in strengthening peace in northern Europe, which, as the document stresses, is particularly important in the light of increasing U.S. and NATO activity in and around the region.

The Politburo of the SKP (Unity) organizations' Central Committee calls for extensive cooperation among the country's social forces in conducting the jubilee year of 1987--the year of the 70th anniversary of the Great October Socialist Revolution and the 70th anniversary of Finland's independence. The document also calls for a start to preparations for next year's 40th anniversary of the Treaty of Friendship, Cooperation, and Mutual Aid and for everything be done to promote the activity of the mass public organization the Finland-Soviet Union Society.

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CSO: 1807/254

WESTERN EUROPE

IZVESTIYA VIEWS ITALIAN GOVERNMENT CRISIS

PM301540 Moscow IZVESTIYA in Russian 30 Mar 87 Morning Edition p 3

[Own correspondent M. Ilinskiy report: "Jotti's 'Exploratory Mandate': The Government Crisis in Italy"]

[Text] Rome--In the course of the current government crisis in Italy, events are proceeding in a complicated political spiral whose twists and turns observers can hardly keep up with.

After expending the last vestiges of hope, Giulio Andreotti (representative of the Christian Democratic Party) has refused the mandate issued by the president of the Italian Republic to form a new cabinet.

In the evening of 27 March an "exploratory mandate" with a view to testing the possibilities of forming a government which could steer the ship of state along the course set by parliament was issued by the president to Leonilde Jotti, president of the Chamber of Deputies of Parliament.

The mandate was accepted, and Jotti immediately, on Saturday 28 March, began consultations with representatives of the country's leading political parties. Television broadcasts on the new stage in the government's course are going out on all the leading channels. Much is happening for the first time, observers stress. Thus it is the first time in Italy's history that an "exploratory mandate" has been in the hands of Leonilde Jotti, president of the Chamber of Deputies. Hitherto no Italian woman has exercised this constitutional right.

A few words about Jotti herself. She is a person of enormous culture and modesty. A prominent political and public figure, she participated in the resistance movement. In 1946, at the age of 26, Leonilde Jotti entered the Montecitorio Palace--the Chamber of Deputies of the Italian Parliament--for the first time.

But how will events develop in future? Forecasting the direction of the political winds, they say in Italy, is a very difficult thing. At least 10 public figures and politicians who were canvassed believe that early elections are inevitable.

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CSO: 1807/250

WESTERN EUROPE

CSU-BACKED WAR SPORTS IN BAVARIA DEPLORED

PM061055 Moscow PRAVDA in Russian 1 Apr 87 First Edition p 5

[A. Lukyanov "Rejoinder": "Leisure Activity--Toting Machine Guns"]

[Text] ...Bavaria. The land of mountain peaks, green Alpine meadows, and pale blue lakes. A favorite tourist spot where millions of West Germans spend their holidays. They come here to enjoy nature, breathe the fresh air, sit with a fishing rod on the shore of a tranquil lake. The travel brochures are beckoning, luring them to come here.

Yet the travel agencies, it appears, cannot compete with the activities of the district Christian Social Union [CSU] organization at Waldheim-Schongau. What does it offer--fishing? By no means! Leisure in Bavaria must be much more active! Perhaps the leadership of the CSU in Waldheim-Schongau is offering more winter sports in the Alps? No such thing! The local CSU is offering those who are interested, above all young people, enrollment in its military-sports groups which are organized under the guise of active Saturday leisure organizations. The initiator of this venture is the CSU "military-political circle," which consists of Bundeswehr officers and reactionary-minded high school teachers. So it is not difficult to guess what kind of leisure they are proposing to young people--drill and training in the spirit of the militarist traditions of the Wehrmacht and the Bundeswehr.

Bavarians probably know from experience what this kind of "leisure" can bring to those who live in the area. Only a few years ago you could meet similar fans of "active leisure" along the local roads: Wearing steel helmets dating back to the Third Reich, dressed in paratroop fatigues, and armed to the teeth, young thugs from the military-sports group organized by latter-day "Fuehrer" K.H. Hoffmann were racing down the roads in their jeeps. They terrorized the local population, held shooting practices, and at the same time disseminated Nazi literature. In 1980 one of the Hoffmann group's "active leisure" days ended in tragedy--as a result of a bomb explosion organized by the extremists, 13 people were killed and 213 injured at the Oktoberfest harvest celebrations....

Hoffmann's group continued to commit outrages until its ring-leader was put behind bars for murder. Are its militarist traditions to be continued in Bavaria now, and, what is more, by Bavaria's ruling which is offering "active Saturday leisure" activities--toting machine guns?

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CSO: 1807/250

EASTERN EUROPE

BULGARIAN-USSR JOINT ENTERPRISES, ORGANIZATIONS

Moscow FOREIGN TRADE in English No 2, 1987 pp 7-10

[Article by Igor Kareyev, executive secretary of the Soviet part of the Intergovernmental Soviet-Bulgarian Commission for Economic, Scientific and Technical Cooperation]

[Text]

Last November, during the 42nd session of the Council for Mutual Economic Assistance in Bucharest, the USSR and Bulgaria signed intergovernmental agreements on the development of direct production, scientific and technical cooperation ties between 103 Soviet and 118 Bulgarian associations, enterprises and organizations, and on the establishment of eight joint Soviet-Bulgarian enterprises and 45 associations and organizations. This is how the two countries are implementing the decisions adopted by the congresses of their fraternal parties on further intensification of production specialization and cooperation on the basis of the transition to new, progressive forms of cooperation.

The first joint Soviet-Bulgarian organizations were set up more than ten years ago. For example, the Soviet-Bulgarian research and production association Elektroinstrument which is based on the Soviet association Sojuzstrojinstrument and the Bulgarian Elprom has been operating since 1975. Over that period it has developed and introduced into the Soviet and Bulgarian national economies more than 20 basic types of electric tools, including motors and accessories for them.

The Soviet-Bulgarian research and design institute Interprogramma which was founded in 1977 develops application packages which have already saved more than 3.5 million rubles for the USSR and 4 million leva for Bulgaria.

The Soviet-Bulgarian design bureau Sovbolgartsvetmet operating since 1978 has developed high-productive equipment for enrichment and concentration plants which has higher operational characteristics than simi-

lar equipment manufactured by Western companies. The introduction of that equipment at Soviet non-ferrous metallurgical works will save about 13 million rubles during the current five-year plan period.

In October 1985 two joint Soviet-Bulgarian research and production associations started operating in the field of machine-tool engineering. The first of them formed from the Ivanovo 50th Anniversary of the USSR Machine-Tool Production Association and the Bulgarian association Metal-Cutting Machine-Tool Works develops and manufactures machining centres and flexible production modules and systems. The second, founded on the Krasny Proletari Machine-Tool Association in Moscow and the Beroe robot factory in Stara Zagora, Bulgaria, designs and produces NC machine tools, flexible production modules for machining articles of the "body of revolution" type, industrial robots and manipulators. The products manufactured by these two associations, including new models of machine tools, fill one with confidence that the existing plans for increasing the output of machining centres at the participating plants by 2.7 times within the current five-year plan period compared to the 1985 level, for speeding up the development of advanced NC systems to go along with new machine tools, and for cutting the terms of launching the production of the latest models of machine tools, flexible modules and systems on their basis will all be fulfilled.

It must be stressed at the same time, however, that although the joint Soviet-Bulgarian enterprises have been around for quite some time now and have proved their worth beyond doubt, this form of economic cooperation is still not sufficiently widespread, mostly because neither country has provided the required economic, financial and legal basis for their effective operation. This apparently explains the fact why 12 of the 15 currently operating Soviet-Bulgarian organizations have been set up over the past few years.

The situation is drastically changing now. The resolution of the CPSU Central Committee and the USSR Council of Ministers, On Measures to Upgrade the Management of Economic and Scientific and Technical Cooperation with Socialist Countries, which was adopted in August 1986, has substantially broadened the rights of many ministries, departments, associations and enterprises in the foreign economic sphere. The Soviet-Bulgarian agreements signed in Bucharest have laid the international legal foundation for the operation of joint enterprises. On the whole, this allows one to

speak of the elaboration of practical terms for the establishment and operation of joint Soviet-Bulgarian organizations.

* * *

The intergovernmental Soviet-Bulgarian agreements of November 4, 1986, provide for the establishment of joint enterprises, associations and organizations mostly in the priority spheres of cooperation as specified in the Long-Term Programme for the Development of Cooperation between the two countries and coordinated with the Comprehensive Programme of the CMEA Member-Countries' Scientific and Technological Progress Until the Year 2000. The work of such enterprises is orientated on solving specific problems to do with the technical modernization of production and systematic expansion and dramatic improvement of the quality and technical standard of the goods supplied to each other.

The main reason for the setting up of each particular joint enterprise is linked to its potential contribution to solving the following problems: development and introduction in the partner countries of advanced new technologies, equipment and materials; enhancement of the technical standards of equipment, technologies and production organization on the basis of joint utilization of the research potential and latest scientific and technical "know-how"; increase of the output of new goods and products in short supply; optimum use of the existing production capacities; effective exchange of production experience, materials, semifinished products, samples and so on on the basis of direct ties; improvement of the technical servicing of supplied goods; more effective use of natural resources and measures to save material, financial and manpower resources.

The most favourable preconditions for the establishment of joint Soviet-Bulgarian enterprises based on direct ties are in machine building and, notably, in production cooperation based on the narrow specialization of parts, sub-assemblies and technologies.

It should be noted here that the standard of our bilateral cooperation in machine building is pretty high. At the moment, the share of specialization and cooperation items in the mutual deliveries of machine-building products stands at more than 60 per cent. It has been found essential today to concentrate mutual efforts on the production of industrial robots for various economic sectors, flexible production systems and of a number of progressive general-purpose machines on the basis of standardized units and parts; on the development of fuel and energy-saving machines and equipment; on the pro-

duction of machine systems for comprehensive mechanization and automation of farming production and so on.

There are good conditions for effective unification of efforts in other spheres, too. In particular, proceeding from the existing experience, the two countries are planning joint enterprises in agriculture, health service, consumer goods production and other fields.

* * *

Depending on the specific features of each particular industry or sector, the scope of the problems tackled and the degree of the partners' preparedness for the accomplishment of specific tasks, one can single out three stages or forms of cooperation: (a) research and production cooperation on the basis of direct ties and separate ownership, (b) cooperation on the basis of partial unification of the partners' assets, and (c) joint organization. A point to be noted here is that a joint organization operates much more effectively when it has passed through the previous two stages.

In the organizational and functional sense joint organizations can be separated into joint enterprises, coordination agencies and scientific and technical organizations (research and design agencies, scientific centres, etc.).

A *joint enterprise* is set up on the basis of common ownership through the merger of the partners' material, financial and manpower resources and their scientific and technological potentials for operation in a specific field of production or in other spheres. Such an enterprise operates in order to meet the demand of both countries for specific goods and to provide assistance and services, especially those associated with the development and introduction of the latest equipment and technologies, including those produced and used under co-purchased foreign licences. The work of a joint enterprise must be based on the principles of full self-financing, with distribution of the results of that work between the partners.

A typical example of such an enterprise is the joint Soviet-Bulgarian company Avtoelektronika which was set up in Plovdiv under an intergovernmental agreement signed in January 1986. The partners in that enterprise are the Kaluga automobile electrical equipment factory and the Plovdiv electrical accessories works. As the need arises, the enterprise enlists the services of respective Soviet and Bulgarian institutes for undertaking various researches. The enterprise turns out electronic equipment for the motor industry on the basis of Soviet technical documentation but also with the use of

new technical ideas developed in Bulgaria and by joint efforts.

The activity of the enterprise is on a cost-accounting and self-financing basis. A statutory fund of 60 million rubles is set up for the operation of the enterprise, with both partners investing equal shares. All payments for raw materials, equipment, and products and other commodities and material values bought and sold by the joint enterprise in Bulgaria are made in local currency at the prices and tariffs set for local state-owned business. The enterprise works in full accordance with the legislation of the host country, i. e. Bulgaria.

The products of the enterprise are meant mostly to satisfy the demand of the Soviet automobile industry. Under the existing procedure, the shipments of electronic, measuring and diagnostic equipment from Bulgaria to the USSR are repaid with shipments of electronic components and materials for their production as well as products of the automobile industry, including cars, from the USSR to Bulgaria. The first batches of equipment turned out by the joint enterprise have already been sent to Soviet and Bulgarian road vehicle plants.

Soviet-Bulgarian *coordination agencies* are set up to handle specific coordination functions in cooperation between individual enterprises. The work of such agencies is based on the principle of national ownership of the partners' assets, through the coordination of their own and the development of common plans, and through the establishment of direct production, scientific and technical ties between the enterprises involved. This work covers all or just some of the products turned out by the members of such agencies or associations. It may allow a partial merger of the partners' financial resources, notably for the establishment of scientific and technical groups within the association, for the conduct of research and design projects, for management of the staff of the association and so on. The Soviet-Bulgarian associations in the field of machine-tool engineering are perfect examples of these organizations.

Both joint enterprises and coordination agencies are to accomplish the following principal functions: develop and implement a unified technical policy for the production of specific goods; investigate the demand for products turned out by the joint enterprise and association and the capabilities of meeting that demand; develop programmes providing for the coordination, cooperation and joint research and development; carry on independent research and design work; elaborate and coordinate measures for production specialization and cooperation between the partners in the joint enterprise and

association, improvement of the quality of the goods supplied to each other with due regard for the latest achievements and progressive developments in the respective field of science and technology, improving their technical level and quality with a view to meeting the highest world standards; investigate the market opportunities in third countries.

Soviet-Bulgarian *scientific and technical organizations* are set up to jointly accomplish research and development. These organizations may include scientific centres, research institutes, design and technological bureaux and laboratories, as well as temporary scientific and technical units. They may be set up both within and outside the framework of joint enterprises and associations. Their functions are as follows: undertake research and development to solve selected crucial scientific and technical problems; organize scientific and technical cooperation; perform economic activity on the basis of cooperation results. Depending on its goals and tasks, the joint scientific and technical organization may work on the basis of an annual budget made up of annual contributions by the partners (budgetary principle); internal self-financing, through establishment of an initial statutory fund with individual shares paid by the partners (self-financing principle); or a combination of the budgetary and self-financing principles.

* * *

Under the agreement of November 4, 1986, decisions on the establishment of joint organizations must only be made after a detailed cost analysis and feasibility study proving the economic expediency and mutually beneficial character of the contemplated cooperation.

Prior to a cost analysis and feasibility study, it is essential first of all to make an analysis of the manufacturing and technical basis of the particular production sector for establishing the degree of its actual and future planned provision with productive assets, the existing technical and economic performance figures and their conformity with modern requirements. The following factors and characteristics are also taken into consideration:

- the demand of the Soviet and Bulgarian economies for goods (or services) of the given production sector by the major commodity groups and the degree to which it is being met, including the deliveries from third countries;
- the available production capacities and the degree of their utilization;
- new production facilities about to be commissioned and the planned increase in the capacity utilization rate

as a result of the contemplated organizational and technical measures, including modernization of the operational fixed assets;

technical and technological standard of the fixed assets compared to the parameters existing in advanced capitalist countries;

scientific and technological potential (availability of research and design agencies and the current standard of their developments) as compared to the latest international achievements in this field;

the degree of provision of the given production sector (subsector, enterprise) with fuel and raw materials.

Moreover, it is necessary to explore the existing differences in technical and economic characteristics of production and sales between the two countries. For this purpose the following performance characteristics must be analyzed:

average labour productivity in the given production sector at the pace-setting Soviet and Bulgarian enterprises compared to corresponding figures in advanced capitalist countries;

the power availability per worker and capital intensity ratios in the given production sector;

the material intensity-output ratio and the rates of consumption of major raw and other materials for the key products of the joint enterprises;

the level and structure of production costs as compared to the home and foreign market prices on major goods and services;

the level of efficiency of production or services;

the terms of capital pay-off;

the level of product quality with regard to its competitiveness on the markets of third countries.

The factors that must be taken into consideration in deciding the location of the future joint enterprise include the standard of development of the scientific and technical potential and of the production and technical base in the given sector in the USSR and Bulgaria, availability of natural resources, availability and opportunities for the development of the required infrastructure, the degree of participation of Soviet and Bulgarian enterprises and organizations in international cooperation in the given production sphere.

By generalizing the results of the previous work, it is possible to single out the problems which can best be settled by the joint efforts of the proposed Soviet and Bulgarian organizations and to decide the scope of the joint undertakings, the objectives, functions and organizational forms of the planned joint enterprise, and also specialization of its future activity.

In our opinion, cost analysis and feasibility studies must also include appropriate calculations confirming the effectiveness and mutual profitability of the chosen form of cooperation for all participants. These calculations can be made proceeding from the volumes of output and services which the parties intend to receive from the joint venture, the size of individual shares (including the formation of a material and production base for the joint organization to perform its independent economic activities), and from a comparison of these expenditures with the cost of alternative solutions such as the construction of additional production capacities at home or increased import to meet the demand for the given product.

On the whole, efficiency of each particular joint enterprise is a sum of the benefits attained by the enterprise from its economic operations and their proportions for the individual participants in that enterprise.

In our view, to gauge the efficiency of a joint scientific and technical organization it is necessary to calculate the expected benefits not only in science itself, but also in production and in the sphere of sales and consumption. The efficiency of each such organization will be a sum total of the accrued benefits.

In particular, *in the sphere of science* the benefit from the establishment of a joint organization may consist in reduced research and design costs and time, in improved quality of the scientific and technical results obtained, in reduced terms of capital pay-off and so on. In *production sphere*, the benefit from the joint enterprise may consist in reduced expenditures from the introduction of scientific and technical results into industry, in improved quality of the products turned out with the use of the new equipment and technologies, in saved capital investments, in increased production of goods in short supply, in the establishment of import-replacing industries and so on. In the *sphere of sales* the benefit may be in increased profits, including pure output from that particular industry, and increased national income.

A vital part in any cost analysis and feasibility study is the calculation of a price range within which the proposed cooperation scheme will be economically justified. Here the principles of financing and the base and concrete prices of the major products must be coordinated with the partner before signing a document on the establishment of a joint organization.

The questions of price formation must apparently be tackled in a differentiated manner, depending on whether the project deals with the deliveries of products or their analogues which are simultaneously sold

through the traditional foreign trade channels (e.g. single deliveries of specific products, spares, standardized parts and joints, special bearings, etc.), with the selling and purchasing of scientific and technical results, with mutual deliveries of cooperation products or with their joint production.

In the first case it is apparently necessary to use foreign trade prices. In the case of mutual deliveries of cooperation products it is advisable that the prices for them be set by accord between the direct participants in the joint venture with due regard for the price of end products. In the case of joint production at joint enterprises the question of price formation must apparently be approached with greater flexibility. As we see it, products of a joint enterprise delivered to the partner-states must be sold at unified prices worked out on the basis of not only world prices but also with account of the production costs at the particular enterprise.

To create favourable economic conditions for the operation of joint enterprises, other problems in the mechanism of their operation have to be tackled in earnest, too. These include questions of taxation, planning, profit sharing and utilization, material and technical supply of the joint enterprises and so on. The most difficult among these is the price formation problem for the commodities and material values which are objects of material and technical supply, especially when done by both countries. In this case the fact of the transfer of raw and other materials and essential parts across the border can lead to a substantial but hardly justifiable rise in production costs for the joint enterprise.

All this shows that the above problems associated with the establishment and operation of joint Soviet-Bulgarian organizations necessitate settlement of a whole range of issues related to properly absorbing those organizations into the organizational and economic mechanisms of both our countries to ensure effective bilateral cooperation.

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EASTERN EUROPE

MICROMED: JOINT SOVIET-HUNGARIAN ENTERPRISE

Moscow NEW TIMES in English No 15, 10 Apr 87 pp 26-27

[Text] Micromed is the name of the first joint Hungarian-Soviet enterprise for the production of automated diagnostic sets for mass checkups of the population commissioned in Hungary. This modern medical equipment is a result of the fusion of Hungarian microprocessor technology and Soviet research.

Micromed was founded by the All-Union Medical Engineering Research Institute (VNIIMP) and the Hungarian firm Medicor. It is a marriage at once of specialists in the two countries, and of science and industry.

The Partners

Medicor is located in Budapest and has subsidiaries in many towns in the republic, including Esztergom. It produces about 400 types of medical equipment and more than 2,000 types of medical instrument. More than half of the output is exported to almost 70 countries, the Soviet Union being one of Medicor's biggest customers.

Medicor's products are specialized and labour-intensive. By using the latest achievements of science and perfecting its technology, the enterprise is not only expanding the range of its output but is also quickly switching to the manufacture of ever more advanced medical equipment and instruments. Medicor manufactures roentgen generators, portable diagnostic instruments such as myographs and electrocardiographs, in short, everything that is so rapidly and irreversibly joining the arsenal of contemporary medicine.

VNIIMP is primarily responsible for research and development. Vladimir Viktorov, Doctor of Sciences and director of the institute, is rightly called one of the fathers of Micromed. He recalls how the idea arose, at first seeming just a seductive idea but with time winning many dedicated supporters.

"Why did we team up?" he repeated the question. "The time factor made it essential. Look how rapidly scientific solutions and technologies succeed each other in the course of manufacturing equipment. It is hard to keep pace with these changes.... It is also clear that the production capacities we are now creating as a result of the merger will, on the one hand, free each side of the need to import from capitalist countries and, on the other, enable us to appear on the international market."

"When did you begin to feel this?"

"About three years ago we proposed setting up a joint enterprise and did a feasibility study. The idea is quite simple: we have research facilities and new research and development, but our industry is slow in getting production off the ground. At the same time our Hungarian colleagues have a dynamic modern production base. By joining forces we can create an enterprise responsive to new scientific ideas and the demands of the world market. For instance, if microprocessor technology is used in the production of medical equipment, any doctor will be able to carry in his pocket, say a portable cardiograph that is as convenient and simple to handle as an electronic wrist watch...."

The Beginning

Says Istvan Martes, director-general of Medicor: "We began by looking together with Soviet colleagues for local resources to set up a joint enterprise. We decided to use one of Medicor's subsidiaries as a base the precision mechanics and electronics plant in Esztergom.

"Everything Micromed does, including marketing, is based on principles of self-financing. The charter of the new enterprise takes its specific features into account, but in practical terms has copied the legal norms of other mixed enterprises already operating in Hungary.

"An authorized capital of 168 million forints was established to underwrite Micromed's operations. Each partner contributed an equal share. The Hungarian share consisted of material assets while the Soviet side made its contribution in cash. To meet new expenditure (as from 1988) for production needs it is intended to increase the authorized capital by another 56 million forints. The profits of the enterprise, including those in freely convertible currency, are to be shared out equally between the founders after compulsory payments have been deducted. It is still difficult to predict the profits but I will give you the following figures as an illustration: Medicor's production programme envisages an annual output of 100 million rubles by 1991 and thereafter of 280 million rubles."

A further question to Istvan Mar
countered by the joint enterprise?"

"What are the main difficulties now en-

"Any number of impediments of the same type have been revealed in the economies of our countries, as have common questions that require solutions. First, there is the problem of price structuring, which follows a different pattern in our two countries, different methods of labour remuneration and mutual deliveries. There are also many legal factors.... But, still, our ship is under way."

A question to Vladimir Viktorov, the VNIIMP director: "What is being done to overcome these difficulties?"

"Draw up proposals to remove the impediments and we will remove them," we were told at the Council of Ministers of the USSR. And we are now preparing such

proposals with due account for the main objective--to retain the system of prompt deliveries of components and reduce to the minimum--one month--the time needed to develop new products. This will take a tremendous effort."

"In that case, could I have a frank answer to the following question: would it not have been simpler to continue working in the old way. Could we have done the job without the Hungarians, or the Hungarians without us?"

"In theory we could have done it in eight-ten years. We would need time to design and build the enterprises and fit them out with equipment. But by then we would have discovered first the equipment had become obsolete and new equipment was necessary, to the do-it-yourself approach will not work. We would have wasted money and still failed to catch up with world progress. Things are different with the joint enterprise--we are starting production in

April. Here this young engineer, for instance," and he lovingly displayed on his palm a thin box, smaller in size than a pocket calculator. "We have already spent more than a million on the development of this beauty. But, as in the past we would get our investment back at least within a period of ten years, at our joint enterprise we will start making profits and recovering on our investment as early as April."

"You mean that Micromed will bring in profits from the outset?"

"Since the plant has gone into operation, profits must flow back as well--in rubles, forints and the currencies of third countries. We intend during the first three years to spend our profits on expanding production, and the obtaining of new models and requirements. We intend to establish ourselves firmly on the international market, offering new models and new products every year."

"What about it?"

It is not hard to find the precision mechanics and electronics plant in Bratislava. The buildings are visible from a long way off. And director Suda is still in the town, looking forward almost twenty years to producing medical equipment and instruments. In the near future he will have to stand

for election to the post of director of Micromed. People in a position to know say he is a worthy candidate. He has won a lot of prizes for developing a system of new and first microprocessor diagnostic equipment.

"We know that Micromed will be a big factor in solving many questions of modernizing our nation," the director says. "We have stepped into the unknown but there are some points of reference with which we are already familiar: thus, the number one task is to synchronize our work with that of our Soviet partners, as taking part in the production of equipment under the Micromed contract are the Moscow plant RIM, and enterprises in Lvov and several other Soviet cities. Quality is a special concern. We have decided to do without centralized quality control in order to avoid additional outlays of time and money. We are introducing checks at the final stage of production and after delivery."

The appearance of Micromed is a milestone in socialist integration. Many collectives at large industrial enterprises and research institutions in the two countries will have to pass the difficult test of maturity. The time is not far off when similar enterprises will be set up in the key industries of our countries--transport, electronics and engineering.

LATIN AMERICA AND CARIBBEAN

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LATIN AMERICA AND CARIBBEAN

'IMPERIAL EXPLOITATION' ROOT OF LATIN AMERICAN ECONOMIC ILLS

Moscow LATINSKAYA AMERIKA in Russian No 12, Dec 86 pp 5-17

[Article by L.L. Klochkovskiy: "Is the System of Imperialist Exploitation Being Modernized?"]

[Text] In the early 80's Latin America entered a new phase of development. It is characterized by a noticeable increase in instability and the growth of diverse contradictions in many spheres of social life. In the economy relatively dynamic growth has been replaced by a prolonged slump. Class conflicts have become sharper: there is growing dissatisfaction on the part of the masses, who suffer from unemployment, malnutrition, disease, a lack of housing and increasingly intensive exploitation. In political life a further polarization of forces is taking place; there is growing opposition between the patriotically-inclined circles, on the one hand, which favor the implementation of radical socio-economic transformations and provisions to ensure independent development, and the oligarchical elite, on the other hand, which looks to imperialism for support and tries at any price to hold on to its predominant positions.

The external conditions of economic development have also become sharply more complicated. The unconcealed attempt by the imperialist powers and their monopolies to resolve their own problems at the expense of the developing world is reflected throughout the system of the latter's foreign economic ties, and especially in the conditions of trade and finance.

In this situation the struggle for economic liberation acquires particular urgency. Without a fundamental resolution of this task, stable forward movement along a path of socio-economic progress is impossible.

Some Results of the Previous Stage

The efforts directed at strengthening the bases of the national economy and weakening economic dependence on imperialism have provided the impetus for a number of new processes. Among them one should note first of all the increase in the rate of GNP growth in the region (an average of 5.5 percent per year in comparison with 4.3 percent in the developed capitalist world and 5 percent in other developing countries). In the period 1950-1980 it increased

approximately five-fold. The economic potential of the leading Latin American countries grew considerably. Specifically, Brazil's GNP reached \$229 billion in 1980, which compares with the indicators for such developed capitalist states as Great Britain, Italy and Canada. [1]

Economic structures have also undergone certain changes. It has changed from a primarily agrarian into an agrarian-industrial continent. In 1950 the ratio between agriculture and industry was 1:1, while in 1980 it was already 1:3. [2] Significant shifts have taken place in the structure of the processing industry. Heavy industry has developed at a rapid rate: in the early 80's it accounted for 56 percent of industrial production in comparison with 41 percent in 1960.

As a result of the partial nationalization of a number of industries, and the strengthening of the state sector's positions in the period from 1960 through 1983, the production volume in that sector (in constant prices) increased approximately 3.5-fold; in 1983 its share of the total GNP amounted to about 8 percent. The role of the state in the financing of economic development has increased. In the 70's state credit-financial institutions accounted for approximately one-third of capital investment in the region. Particular priority in investment has been given to metallurgy, petroleum refining, petrochemistry and electrical power engineering. The regulating functions of the state have increased noticeably, especially with regard to the promotion of national private enterprise (especially large-scale enterprise), as well as the concentration and centralization of production and capital.

Some diversification took place in foreign economic ties; regional economic integration was fostered, as was cooperation with the developing countries of other regions. A substantial structural re-organization of foreign trade was a direct result of these processes. Finished and semi-finished goods came to account for a larger share of exports. In imports there was a sharp increase in goods for production purposes. The range of partners from among the developed capitalist countries expanded, and the intra-regional trade and to some extent production ties and trade-economic relations with Asia and Africa, the Near and Middle East picked up. The policy of eliminating unilateral dependence on the centers of capitalism, especially the USA, found embodiment in the program of the New International Economic Order; Latin American played an important role in the development of this program.

It is essential to note as well the interest of the region's states in the expansion of economic cooperation with the socialist countries; the latter in turn are also interested in this. The significance of this kind of cooperation is extremely great, especially if one takes into account the region's difficult economic position. It is in precisely this area that relations of a new type are being established, relations based on the principles of equality and mutual benefit. They help to strengthen the international positions of the Latin American states and are a source of support in the struggle for independent economic development.

Thus, the region's countries have achieved some results on the path to the cherished goal of economic liberation. However, some exaggeration of the successes which they have achieved have been permitted in the works of certain

Soviet researchers. For example, the following thesis (with regard to the developing world in general) is being put forward: as a result of the accumulation over the previous decades of structural elements of the national capitalist system and changes in the political superstructure carried out by the "elites," a turning point will be reached, and the prospect of economic independence will open up before these countries. [3]

It would seem that the situation developing in Latin America provides no grounds for such conclusions. The social-economic evolution of recent decades has been ambiguous and profoundly contradictory in nature. In addition to the above-mentioned positive shifts, processes which have intensified the defects of dependent capitalist development have also developed. These processes include, in particular, the intensive penetration of foreign capital into the economy and other spheres of public life, the active takeover of the region's domestic market by the international monopolies [4], the strengthening of MNC (multinational corporation) ties with the local upper bourgeoisie, and even greater integration of the continent into the system of the unequal, international capitalist division of labor.

Another factor is important as well. In many cases the struggle for economic liberation has not been characterized by stability, and the achieved gains are by no means always irreversible. The complex evolution of the state sector is instructive in this regard. In the second half of the 70's, a trend toward the limitation of its role in the economy was evident; in practice this amounted to the sale of state enterprises to private capital, including foreign capital.

In Chile Pinochet's military-fascist junta has almost completely eliminated the state sector. In the late 70's it included only 20 enterprises in comparison with 507 under the Popular Unity government. However, even those 20 operate virtually according to the principle of private enterprise. In Peru before the Alan Garcia government came to power, a reprivatization of state enterprises was carried out in the fishing, cement and other branches of the processing industry, as well as in mining. In Venezuela there are plans to sell to private capital 50 enterprises and organizations in the state sector, including financial holding companies, sugar and cement plants, etc. A policy of reducing state property has been carried out in recent years in Argentina, Guyana and Jamaica.

A definite movement backwards has been observed in other directions as well. The ruling oligarchical circles, which are closely allied with international monopolistic capital, are attempting, with the latter's support, to prevent progressive transformations. Frequently they utilize slogans of the struggle for economic liberation in a maneuver calculated to lessen social tension and distract the masses from protesting capitalist exploitation.

One must not underestimate imperialism's opportunities to act against the liberation movement in the region. The imperialist centers have counted on strengthening the bases of dependent capitalism in the Latin American countries while striving to impede the radicalization of the socio-economic policy which the latter are carrying out, to set them--especially the leading states--against the rest of the developing world. In general, despite some

successes by the national liberation forces, international monopolistic capital has been able to preserve stable positions in the region and in some sectors even to strengthen them. At present the imperialist powers and their monopolies are attempting to shift into a counterattack for the purpose of weakening and eventually eliminating those tendencies which helped to strengthen the political and economic independence of the Latin American countries.

The Modernization of the System of Economic Dependence

The situation which developed after the failure of colonialism and was characterized by a weakening of imperialism's world positions and a strengthening of the role of the socialist alliance and the national liberation forces, forced the imperialist powers and their monopolies to change their approach to Latin America. A policy has now been adopted of promoting in every possible way the expansion and intensification of capitalist relations in the region, a policy of including it more extensively in the international capitalist division of labor. Relations with national capital have also been subjected to certain modification. With consideration for the new alignment of forces, they are oriented to the formation of a unique triple alliance among the foreign monopolies, major private national capital and the state sector.

The re-organization of the system of Latin American economic dependence has gone through a series of stages. In the first stage (the period of the 50's to the 60's) it was linked mainly to the policy of import-replacing industrialization. International monopolistic capital put forth substantial effort to master this process and to subordinate it to its own interests. The region's processing industry became the main sphere in which foreign investors applied their forces: about 50 percent of American investments and 60-70 percent of Western European and Japanese investments were directed to this sphere. The main goal of the international monopolies was to ensure that the new sectors were closely tied to the centers of capitalism and then to emasculate the real content of import-replacing industrialization, which is objectively aimed at weakening the dependence of the Latin American countries on the foreign market.

Imperialism has succeeded to a significant degree in deforming the region's industrial and general economic development. Its dependence on the world capitalist market not only has not weakened but has even grown in terms of certain parameters. The overwhelming majority of enterprises created with the participation of foreign investors, as well as whole industries, needed imported machines, equipment, spare parts, raw and secondary materials. Due to the backwardness of fuel and energy production, the dependence of many countries on imports of liquid fuels increased: from 1960 through 1973 oil imports increased 4.5-fold. The domestic scientific-technical base developed slowly. Enterprises built with the participation of foreign capital operated mainly on the basis of foreign technology, the sources of which were under the control of the international monopolies. The latter also used in their own interests the transition which the countries of the region made to a policy of stimulating exports. This new policy made it possible for the MNC's to strengthen their positions in the export of finished items and semi-finished

goods. However, it should be emphasized that at the first stage the imperialist powers operated with a certain caution, masking their strategic line and demonstrating a willingness to make various kinds of compromises.

In the 70's, as a result of the intensifying disproportions in the Latin American economy and the worsening of the situation on the world capitalist market, the deficit of financial resources, especially currency resources, began to increase. The difficulties in this sphere were actively utilized to artificially worsen the problems of the region's foreign debt. At the initiative of the USA, a special approach to financing for the Latin American countries was formulated: in line with this approach they had to satisfy their own financial needs through expensive private credits. On this basis they were almost completely deprived of access to the relatively more favorable state credits. In the late 70's and early 80's private banks accounted for 88 percent of the foreign loan funds granted to the region's countries, while in the 60's they accounted for only 30 percent. [5] The consequences of this approach were not slow to show themselves. A reduction in the time period for repayment of the credits and rising interest rates [6] inflicted enormous damage on the Latin American economy.

The USA and other Western powers unleashed a broad campaign to introduce the monetarist concepts of the Chicago school into Latin America. American supporters of the open economy model, including Reagan himself, actively worked to persuade the leaders of the region's countries to reject the policy of import-replacing industrialization, the protection of the domestic market and the promotion of regional economic cooperation; they encouraged them to adopt a policy of liberalizing foreign trade, encouraging competition, making broad use of foreign sources of financing, reducing the regulatory activity of states and granting more freedom of action to foreign capital. It should be noted that for some of the local ruling elite the neoliberal concepts were attractive primarily because they provided an opportunity to lessen the severity of social-economic problems and avoid the implementation of reforms whose time had come, replacing them with various palliatives (the widespread recruitment of loan funds from outside, more active inclusion in foreign markets, etc.).

In the second half of the 70's a majority of the region's countries adopted the open economy model. This step had far-reaching consequences for them. Western exporters, who took advantage of the liberalization, flooded the Latin American markets with their own goods, largely consumer goods, which led to growth in the foreign debt and a trade deficit. With the weakening of state control over external financing, the MNC branches expanded operations to attract loan funds from outside. According to approximate figures the foreign debt of the branches reached \$100 billion in 1983.

The liberalization was used for selfish purposes by foreign private capital and local capital. Attracted by the high interest rates introduced in the USA, representatives of the Latin American oligarchical circles took advantage of the weakening of currency controls and began to shift its capital to North American banks on a massive basis. According to some calculations, their deposits in foreign banks increased to \$150 billion in 1982-1983. [8]

It is indicative that even North American researchers take note of the extremely negative consequences of the functioning of the open economy model. T. Enders and R. Mattion noted: "In a majority of Latin American capitals the dependence on the supply of foreign consumer goods has grown...foreign trips and the acquisition of property abroad have become a characteristic feature of the Latin American bourgeoisie." [9]

As a result of the effect of all of the above-mentioned factors, the foreign debt of the region's states increased nearly 20-fold in the 70's and 80's; by the end of 1985 the total had reached \$368 billion. [10]

When evaluating the changes which took place, one must not fail to recognize that a certain dynamization of new forms of economic dependence took place in the 70's. Three factors served as the basis for this process: 1) the internationalization of the economic life of the Latin American countries, 2) their ever deeper involvement in the system of international economic ties of present-day capitalism and 3) the close interweaving of the interests of international capital and the oligarchical circles. Of course, this process was by no means linear in nature. It was counteracted by such factors as the accumulation of elements of mutual dependence, the aspiration of major local capital in alliance with the state sector to strengthen its positions in the struggle against the encroachments of the international monopolies. This prompted the imperialist powers to act with great flexibility during the formation of the new system of economic dependence, while recognizing the necessity for the economic growth of the Latin American countries and for certain compromises with the rightist circles in those countries. However, the system of powerful new economic levers which had been created by the beginning of the 80's substantially changed the situation in the region: imperialism was given the opportunity to more actively oppose the development of progressive tendencies in the economy of the region's states and to shift to a counterattack against certain important gains achieved by them in the struggle for economic independence.

Imperialist Pressure Grows

In the first half of the 80's the process of forming a neocolonial system of dependence entered a new phase. It was characterized by the active desire of the imperialist powers to put into operation levers of economic pressure in order to achieve fundamental changes in the economic policy of the continent's countries, to strengthen the relations of dependence and to expand the scale of exploitation.

The main factor which determined the situation in the region was the acute economic crisis that struck practically all the basic sectors of the economy. Its depth and all-encompassing nature are linked in no small degree to precisely those new forms of dependence which made the Latin American economy even more subordinate to the cyclical reproduction in the centers of capitalism, increased its vulnerability to structural fluctuations and expanded the opportunities to shift the weight of the crisis to the Latin American periphery. [11] All this meant a backward turn in the processes of diversification of foreign economic ties, a reduction in the trade and economic cooperation within the region and with the developing countries of

other continents, and the consolidation of the positions of the developed capitalist states in external trade and other spheres of foreign economic relations. These negative changes can be traced with particular clarity in the trade of the major Latin American states. For example, the region's share of Brazil's exports fell from 23.4 percent in 1981 to 12.5 percent in 1983, while the U.S. share, in contrast, increased from 17.6 percent to 23.1 percent. [12] In Mexican exports the first indicator fell from 10 to 6.9 percent between 1981 and 1984, while the second increased from 53.7 percent to 57.9 percent. [13] In general for the years 1981-1983 the USA increased its proportion of Latin American exports to 40 percent, i.e., the level of the early 60's.

With the worsening of their economic difficulties the Latin American countries were forced to retreat under the pressure from the imperialist powers, who openly ignored the economic interests of their junior partners. It is indicative, for example, that the USA, while promoting the introduction of the open economy model and using its own dominant position in the sphere of foreign trade, follows a flagrantly protectionist course in its trade policy and resorts to crude discrimination toward the Latin American states, including the leading trade partners of the USA. In 1976, 40 percent of Brazilian exports were subjected to various types of restrictions; in 1982, the figure was already 65 percent. [14] Washington's actions with regard to the export of Brazilian steel were particularly provocative. After refusing to grant a quota on conditions similar to those established for EEE exporters, the USA introduced anti-dumping duties in 1984. This discriminatory act was to coincide with the visit of U.S. Secretary of State G. Shultz to Brazil.

In the period 1981-1984 the index of the region's trade conditions fell 21.7 percent. According to ECLA [UN Economic Commission Latin America] experts, in 1984 it fell to its lowest level since 1980. In certain countries the reduction was even sharper (37 percent in Peru, 28 percent in Chile, 26.8 percent in Mexico and 33.3 percent in Guatemala). [15] The monetary losses related to the worsening of trade conditions were counted in the billions of dollars.

The financial exploitation acquired unprecedented scale. In 1981-1985 alone the Latin American debtors paid the Western banks \$161.2 billion in interest on the foreign debt. [16] Enormous funds were also extorted by foreign private investors. The region's annual net expenditures for the payment of interest and dividends increased more than 12-fold in comparison with the early 70's and reached \$44 billion in 1985. An average of 36 percent of export earnings are being spent for these purposes (54.5 percent in Argentina, 46.5 percent in Chile and 60 percent in Bolivia). [17]

With the worsening of the financial situation in a majority of the Latin American countries, international bank capital sharply limited their external financing, which provoked a very acute financial crisis. In 1982, 14 of the region's states found themselves unable to meet their foreign debt repayment obligations and were forced to appeal to creditors to re-examine the repayment conditions.

The debt problem has already outgrown a purely financial framework; it has acquired a clearly-expressed political nature and now touches practically all spheres of public life. The imperialist powers are counting on using the debt lever to strengthen their economic positions in the continent's countries and to force the latter to embark on substantial new concessions in economics and politics. In this regard two important new phenomena call attention to themselves. The first is a noticeable expansion in the influence of international banking monopolies, especially the North American ones. Nine leading U.S. banks have granted state organizations and private companies in Brazil, Mexico, Venezuela and Argentina loans amounting to nearly \$40 billion. The following banks occupy particularly firm positions in Latin America: Citycorp (credits amounting to a total of \$7.6 billion), Bank of America (\$5.2 billion), Chase Manhattan Bank (\$4.9 billion), Manufacturers Hanover Trust (\$5.4 billion) and J.P. Morgan (\$3.7 billion). [18] They provide credit for a majority of the major state-sector enterprises and for nearly all the leading groups of national private capital. Given the persistent nature of the debt problem, these credit ties represent a mechanism to effectively influence the politics of the Latin American countries. The second is the sharp increase in the IMF role. It acts as an intermediary between debtors and their creditors at the negotiations on the refinancing of the foreign debt; it coordinates the actions of the imperialist powers in the currency-financial sphere, and it is the instrument of their financial policy in the region. The stabilization programs imposed by the fund call for limiting state expenditures for social needs, lowering wages, reducing the state sector, and granting new benefits to foreign capital. Under IMF pressure the Latin American countries are privatizing state enterprises, sometimes on a large scale. In Mexico, for example, the government has announced its intentions to put 236 companies into private hands; this means the elimination of nearly 50 percent of the state sector. [19]

The concessions in favor of foreign investors are increasingly significant. The countries of the Andes group are carrying out a fundamental re-examination of "Decision 24" of the Commission of the Cartagena agreement, which regulates the activities of foreign capital; foreign investors receive access to many sectors previously closed to them, the right to unlimited transfer of profits and other benefits. In Mexico foreign investors have once again been granted the right to possess a controlling interest or even 100 percent of shares. [20] S. Alegret, ECLA permanent secretary, stated in this regard: "Certain countries are carrying out a policy aimed at weakening control over foreign investments; it can lead to the recolonization of Latin America." [21]

While imposing a set of demands on the Latin American countries, IMF representatives talk about the desire to create a balanced base for development, the desire to help the economy recover and to regulate trade and payment balances. It is consistently recommended that debtors should expand exports in every possible way. In fact, an export orientation is primarily in the interests of the creditors because it ensures the payment of interest on credits as well as the repayment of the principal. At the same time it links the region's countries more closely to the centers of capitalism, and it strengthens their dependence on foreign markets. The first steps taken in this direction by a number of governments have contributed to a significant intensification of the disproportions in the economy and to an increase in

inflation. The British FINANCIAL TIMES wrote in this regard: "In order to achieve a positive trade balance the Latin American debtors have had to carry out a large-scale redistribution of resources in favor of the export sector at the expense of those industries which operate on the domestic market. A reduction in the resources allotted for domestic production has become the main factor determining the growth of inflation in the debtor countries." [22]

At the present time the IMF has at its disposal substantial opportunities to intervene in the economic development processes in the region and to exert economic and political pressure. An analysis of the agreements concluded under IMF auspices on the refinancing of the foreign debt shows that the fund is attempting to convert this problem into a permanently operating factor and to retain regulating functions for itself over an extended period.

After taking into account the difficult currency-financial position of a majority of the Latin American states, the IMF and the imperialist powers which stand behind it have recently made partial financial concessions mainly out of fear that a united debtors front will be formed. For example, according to an agreement concluded with Mexico in late 1984, the repayment period for credits amounting to a total of \$48.5 billion was extended from 6 to 14 years, and interest rates were reduced somewhat. Nonetheless, the country's position remains difficult. In the next five years it must annually repay in the form of interest \$10-12 billion, plus \$2-4 billion from the debt principal. If other Latin American debtors accept similar conditions, the region will be forced to pay out about \$60 billion every year. In subsequent years these payments will grow to \$70-75 billion.

These processes have led to serious negative shifts in Latin America. Their essence consists primarily in the fact that the conditions of the peoples' struggles for economic independence have become significantly more difficult. The imperialist powers and international monopolistic capital threaten the key economic gains of the Latin American countries. Undoubtedly, the basic factors of world development (the growing influence of world socialism, the increasing activity of the national liberation forces in the developing world) and the intensification of the revolutionary process in Latin America create the preconditions for opposition to pressure from outside. However, it will be significantly more difficult to resolve this task than at the previous stages of development.

Facing the Choice of New Paths

Latin America approached the mid-80's burdened with a heavy load of the most acute economic and social problems. To a significant degree the region's economic development had lost the dynamism and stability characteristic of the preceding period. Of course, it would be inaccurate to underestimate the potential possibilities for the development of Latin American capitalism both in breadth and depth, or the effect of such factors as the internationalization of economic life and the more active participation of the region's countries in the international capitalist division of labor. However, these potential moving forces are being restrained and deformed by the increasing economic dependence and growing scale of imperialist exploitation.

The crisis of the 80's showed the groundlessness of the open economy model, which in its time came to replace import-replacing industrialization. The economic difficulties and exceptionally acute social contradictions are now linked to precisely this model. At the present time a unique conceptual vacuum has arisen. Appeals to return to the traditional course of import-replacing industrialization no longer meet with a positive reaction; the ruling circles in a majority of the Latin American countries think that this stage has passed. Meanwhile, the imperialist powers, international monopolistic capital and their local allies are making efforts to rehabilitate the open economy model by trying to prove that its failure was caused by a confluence of accidental circumstances and subjective errors of those who implemented this model. The stabilization programs imposed by the IMF are nothing other than attempts to reanimate it. One must not fail to note that despite the experience obtained, certain circles in the upper echelons of power in the Latin American countries show a willingness to turn to monetarist recipes once again. Recently there have been attempts to provide this trend with some sort of theoretical underpinnings. In ECLA circles, for example, a position is being formulated on the crisis of the economic role of the state. It is proposed to limit its functions primarily to the regulation of the foreign-economic and social sphere. [24]

The continent's progressive forces are putting forward decisive demands for the implementation of urgently-needed socio-economic transformations which meet the interests of the broad popular masses; they are also calling for unity of action among the Latin American states in the struggle for the reorganization of international economic relations on the basis of equal rights and justice. The forward-looking democratic forces think their main task consists of strengthening the opposition to the neocolonialist dependence and exploitation which are slowing up the economic and social progress of the region's countries. A particularly important role is allotted to measures aimed at the radical resolution of the foreign debt problem. In Latin America the idea of limiting foreign debt payments and introducing a moratorium is spreading more and more widely.

The efforts directed at advancing the anti-imperialist movement are bearing real fruit. There is convincing evidence of this, for example, in the fall of military-dictatorial regimes, in the democratization of public life in a number of countries, in the growing solidarity with the people of revolutionary Nicaragua and in the desire to coordinate actions at the governmental level in many important areas. However, one must not fail to see that these progressive tendencies are encountering considerable difficulties. The ruling oligarchical circles are looking for a way out of the present crisis through even greater infringement of the workers' interests and through compromises with the imperialist powers. Undoubtedly this policy seriously weakens the struggle of the Latin American peoples for economic independence, hinders the strengthening of the unity among the region's states and enables the USA and its imperialist partners to carry out subversive actions frequently with impunity.

In today's situation the question arises of the degree of effectiveness and the real opportunities to struggle for economic independence. It is quite obvious that this struggle can yield positive results by opposing the

increased economic pressure of imperialism and by getting rid of the most odious forms of neocolonialist dependence. At the same time, given the current alignment of political and class forces, one can hardly expect that this struggle will lead to the breakdown of the mechanism of imperialist exploitation which has developed. This historic task can be resolved only if the anti-imperialist movement is combined with a consistent struggle for complete social liberation and for the elimination of the bases of capitalism.

FOOTNOTES

1. BID. Progreso economico y social en America Latina. Informe 1984. Washington, 1984, p 452.
2. Ibid., p 456.
3. MEIMO, 1985, No 3, p 128.
4. According to calculations, the sales volume of foreign enterprises operating in Latin America reached \$180-200 billion, which is equivalent to 40-45 percent of the GNP.
5. Inter-American Development Bank. Economic and Social Progress in Latin America. 1980-1981. Report. Washington, 1981, p 87.
6. In certain periods, in 1981-1982 for example, the level of interest rates reached 24 percent. An increase of only 1 percent meant for the region an increase in the debt burden of approximately 2.5-3.0 \$billion. REVISTA DE LA CEPAL. Santiago de Chile, 1983, No 20, 21; INTERNATIONAL HERALD TRIBUNE. Paris, 25 June 1984.
7. ECONOMIA DE AMERICA LATINA. Buenos Aires, No 11, 1984, p 155.
8. EL FINANCIERO, Mexico, 11 October 1984.
9. NEWSWEEK. New York, 1984, Vol 103, No 16, p 4.
10. CEPAL, NOTAS SOBRE LA ECONOMIA Y EL DESARROLLO. Santiago de Chile, 1985, No 424/425, p 10.
11. For more detail see: LATINSKAYA AMERIKA, No 5, 1984.
12. AMERICA LATINA INTERNACIONAL. Buenos Aires, 1984, Vol 1, No 1, pp 13, 14.
13. COMERCIO EXTERIOR. Mexico, No 2, 1983, pp 207, 208; No 12, 1984, pp 1267, 1268.
14. GASETA MERCANTIL. Rio de Janeiro, 30 January 1984.
15. COMERCIO EXTERIOR, Vol 35, No 2, 1985, pp 179, 183.

16. Calculated according to CEPAL. NOTAS SOBRE LA ECONOMIA...No 434/425, pp 10, p 18.
17. Ibid., p 18.
18. FINANCIAL TIMES. London, 4 June 1984.
19. THE ECONOMIST, Vol 294, No 7381, 1985, p 67.
20. For more detail see LATINSKAYA AMERIKA, No 7, 1986, pp 26-41; FINANCIAL TIMES, 12 December 1984.
21. COMERCIO EXTERIOR, 1984, Vol 34, No 9, p 869.
22. FINANCIAL TIMES, 20 February 1985.
23. COMERCIO EXTERIOR, 1984, Vol 34, No 10, pp 948, 949.
24. REVISTA DE LA CEPAL, No 23, 1984, pp 26-28.

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LATIN AMERICA AND CARIBBEAN

POST-DUVALIER POLITICAL SITUATION IN HAITI ASSESSED

Moscow LATINSKAYA AMERIKA in Russian No 12, Dec 86 pp 18-27

[Article by A.K. Stetsenko: "Haiti After the Flight of the Dictator"]

[Text] The unprecedented socio-political crisis, which Haiti experienced at the end of last year, ended in a period literally of weeks with the fall of the dictatorial regime of the Duvalier dynasty, which had long ago become an anachronism and which had been in power in the country for the last three decades. The rule of Haiti's "president for life," J.C. Duvalier, Jr. ended with an ignominious flight from the popular rage. [1]

It is difficult to convey in words the enthusiasm which gripped Haitians, in whose consciousness this event, especially in the first hours, was directly associated in terms of its significance with the best traditions of the liberation struggle (1791-1803). Let us recall that at the beginning of the last century the French colony of San Domingo became the first sovereign "Negro republic" in Latin America (1804) and gained freedom before the war of independence came to an end in a majority of the Ibero-American colonies.

Today, under new historical conditions, the people of Haiti are trying once again to acquire freedom, to put an end to centuries of poverty and backwardness and to find a worthy place in the world community. This path is extremely complex--the new is being born in the travail associated with the difficult legacy of the past. Take, for example, the ideological side of the question. Closely associated with the specific features of the racial structure of the local population is the ideology of Negritude, which played a large role in the struggle against the French colonizers. However, soon after independence was gained, this ideology, which was taken up by the ruling feudal elite of Haiti, and which preaches the racist slogan "Power to blacks," became a tool of the class oppression of the broad popular masses, who were doomed to constant poverty and deprivation of rights, medieval backwardness and total isolation from the "big world." The doctrine of Negritude truly reached the apogee of its development during the rule of Francois Duvalier, the founder of the overthrown dynasty, who officially declared it to be the ideological foundation of the political regime. The reactionary ideas being propagandized by his adherents concerning the "fatal irreconcilability and political opposition of the black and white world," and the apologia of an original and "special" path of development of the "colored" peoples (a path

which is supposedly fundamentally different from the Western one) have become an important factor in preserving the backwardness of social consciousness.

Nonetheless, the main obstacle on the path of Haiti's renewal is the long-standing dependence of its economy on U.S. imperialism, which gradually filled the "vacuum" which formed after the French colonizers "departed" from the island. After carrying out a "second colonization" of Haiti during a nearly 20 year-period of occupation of the island (1915-1934), North American imperialism took up dominating positions in the Haitian economy and turned the country into its own "fiefdom," into a "protectorate" of the USA. With its "aid," Haiti proved to be the poorest country in the Western hemisphere, a symbol of regression or the so-called development without development, under which ossified and exhausted traditions of the past were preserved.

Recently the USA, which is interested in preserving its influence in Haiti, was forced to somewhat "modernize" the facade of the rotten dictatorial regime. The rule of J.C. Duvalier Jr. (1971-1986) was declared to be the coming of a "new era of liberalization," a sharp turn away from Negritude to the principles of "Western Christian civilization." This course was closely associated with the new economic policy of the USA, which found reflection in Reagan's "Caribbean initiative," which was aimed at stimulating the local bourgeoisie and accelerating the development of the private sector with the aid of credits and technology supplied by the Western countries.

Such an export of bourgeois relations, the Haitian communists warned, will strengthen the dependence of the country's economy and will inevitably lead to a situation in which Haitian capitalism will acquire the most ugly and "rachitic" forms and become nothing other than "screen-capitalism, dependently parasitic capitalism, which will be able to develop only with the aid of international capital.. and under the condition of absolute subordination to U.S. dictates." [3]

At the same time the hundreds of branches of American monopolies, which were introduced into the Haitian economy during the last years of the Duvalier clan's rule and which were attracted by the opportunity to exploit the local super-cheap manpower, have given rise to a new group in Haiti's ruling elite--the camp of the "technocrats," representatives of the commercial-industrial bourgeoisie, who are closely linked with American and other companies and interested in the "top-level modernization" of archaic structures and the "liberalization" of the political regime. Their opponents are "the orthodox" or "true" Duvalierists, aptly called "dinosaurs" by the people. As large landowners these representatives of the far-right, conservative wing of the ruling classes of Haiti are supporters of a harsh, repressive course; they are heirs to that variety of double-dyed, reactionary Negritude, which lay at the basis of F. Duvalier's political model. Their remaining ardent opponents of any, even the most timid liberal reforms, and they have their own adherents in all echelons of power, retaining until recently extremely firm positions in the country.

Forced in his time to come to grips with the dissatisfaction of the old "Duvalier guard," which was pushed by the "technocrats" into a secondary position, J.C. Duvalier frequently appeared in the role of a national "above-

class "arbiter." By maneuvering between the two rival groups, he tried to reconcile the traditional values of Negritude with present-day "Western" ideals of development. However, the paradox of his position was that the bulwark of "Jean-Claudeism," which laid claim to the construction of a kind of "neoliberal model," was the "Tonton Macoutes," the old repressive apparatus which he inherited from the late dictator and in which the latifundists--with the inertia characteristic of the orthodox, oligarchical stereotyped thinking--retained a large measure of influence. In any event, the timid attempts of "Baby Doc," undertaken under U.S. pressure to "update" the facade of the Duvalier regime, "to dress the autocracy in clothing from political pseudoliberalism" in fact led to "changes without changes," which in time made the Haitian dictator an unreliable and inconvenient partner for Washington.

In an attempt to avoid repeating the consequences of the shameful failure of pro-American puppet regimes in Iran and Nicaragua, the White House prepared in advance a "Haitian operation" plan in case circumstances forced the USA to quickly get rid of Duvalier. And when the wave of mass protest against the dictator reached threatening dimensions and it became clear that "Baby Doc's" position was irremediable, the USA decided that it could no longer hold off. In forcing events it moved from behind-the-scenes diplomacy to active steps which called for three basic scenarios: 1) convince J.C. Duvalier to leave out of "good will"; 2) in the event the puppet "rebelled," help the trustworthy "legal opposition" to seize power; 3) and finally, as an extreme measure, proceed to the direct overthrow of the dictator if necessary.

As is well known, the operation ended "painlessly" at the first stage. Caught in the grip of Washington's bribes and threats, "Baby Doc" understood quite quickly the hopelessness of his position. But the forces which stood behind him even now continue to play an important role in the political life of the country.

In its discussion of the U.S. role in the events in Haiti, the WALL STREET JOURNAL newspaper wrote that Washington "defused a potentially explosive situation" in the country, helping to avoid further bloodshed and to ensure an "orderly" and "nonviolent" transfer of power to a new government. [4] But it goes without saying that the White House was not guided by these "humanitarian" considerations when it took urgent measures to get rid of Duvalier. There is no argument that the very fact that the open withdrawal by the USA from a regime which had hopelessly compromised itself not only led to Duvalier's embarrassment, but it also gave resolve to the popular masses in their unrestrained aspiration to overthrow the hateful dictator. Having lost the support of so powerful a patron, the regime proved to be a "paper tiger." But the Parisian magazine JEUNE AFRIQUE was correct when it emphasized the following in its expose of the hasty conversion of yesterday's patrons of "Baby Doc" into the "gravediggers" of the Duvalier clan: "Let us not say that a suddenly-matured Washington freed the Haitians from their oppressors. If there had been no uprising in Gonaives, J.C. Duvalier would have continued in Washington's favor...One should have distanced oneself from a regime which almost every day was criticized by the world press and avoided the development of a situation favorable to the dissemination of radical sentiments." [5]

The overthrow of the dictatorial Duvalier clan opened up a new page in Haiti's political history, although it does not by itself guarantee at all the start of rapid and necessary real changes. As is well known, on 7 February 1986, the day after the dictator fled, control over the island passed to the military-civilian junta--the so-called National Council of Government (CNG), and later, beginning in March of that same year, to a military triumvirate headed by the former army chief of staff, General A. Namphy, who let it be clearly understood that after Duvalier's fall, the military would govern Haiti. And this is what Washington had been counting on, considering the military to be a force capable of achieving a compromise between the two hostile ruling factions and of carrying out what the fugitive dictator had failed to.

It is symptomatic that at the moment of growing crisis the army took an ambiguous position. While outwardly maintaining loyalty to a regime in the throes of death, it attempted at the same time to avoid compromising itself in the eyes of the opposition, having granted the opportunity to carry out reprisals to the police and the Tonton Macoutes, who became the main target of popular anger. It was no accident that at the last stage of the struggle the demonstrators' banners began to include the slogan "Long Live the Army!" along with the traditional slogan "Down with the Dictator."

There is no doubt that the military had their own accounts to settle with the Duvalier regime, which, it would seem, did everything possible to force the army to feel frustrated, especially in comparison with the Tonton Macoutes, which had twice as many members. The Tonton Macoutes were the personal Praetorian Guard of the dictator's clan; they had been created as a counterweight to the armed forces and had squeezed the latter into the background. In order to neutralize the army as a political institution and kill the constitutional spirit germinating in it, Duvalier Senior in his time regularly subjected the officers' corps to "purges," filling all command posts with the faithful Tonton Macoutes. Having inherited from his father a distrustful attitude toward the armed forces, in whose ranks ferment was sometimes observed, Duvalier Junior continued to follow a policy of not allowing them power. It is true that in the last years of his rule he made a number of well-known concessions in order to gain his lost authority, carrying out a partial reorganization of the army and increasing by 10 percent the wages of those serving in the military, including the rank and file. However, these tardy measures were not able to make the military a reliable bulwark of Duvalierism.

Two weeks before Duvalier's flight GRANMA, in describing the position of the army, directed attention to the fact that it was keeping itself "definitely on the sidelines of events." "The intention of the armed forces to come out of the conflict with 'clean hands,'" the newspaper noted, "supports the idea of a possible military resolution of the internal political crisis, i.e., the preservation of the structure of power without the profound changes which the Haitian people desire." [6]

As further events showed, this prognosis was largely justified. In the extreme situation of those days, when the rotten, hopelessly compromised regime was collapsing, and the forces of the Haitian opposition were scattered (with the

main core in emigration), the army took power into its own hands and did everything possible to ensure itself maximum representation in the new government. The military took up key posts in it; moreover only 3 out of 19 state ministers were not related in one way or another to the Duvalier clan. [7] Representatives of the armed forces occupied four out of six seats in the CNG and once again five members of the council proved to be open or secret Duvalierists. [8] The only civilian member of the junta was the chairman of the Haitian League of Human Rights, Gerard Gurg, who retired in March 1986 during a further re-organization of the junta.

From the very beginning the presence of J.C. Duvalier's adherents in the new government of Haiti inspired fears, frequently expressed by Haitian politicians of various stripes, who warned about the possible restoration of the previous regime and about the preservation of "Duvalierism without Duvalier." However, the unceasing demonstrations by the masses, which did not subside and sometimes exploded with even greater force after the flight of the dictator, testified that the people of Haiti did not intend to become reconciled to the fact that the new cabinet of ministers consisted of J.C. Duvalier supporters who had "repented." On 21 March 1986 under pressure from the popular masses, Namphy, the head of the junta, carried out a partial reorganization of the CNG; "inveterate Duvalierists" were kicked out of it, including A. Sineas (a former minister under J.C. Duvalier) and army colonels M. Valles and P. Avril. The fourth member of the junta, the liberal G. Gurg, submitted a request for retirement on the eve of the re-organization.

The new government council consisted of only three people: General A. Namphy, head of the junta; Colonel W. Regala, a former military attache in Washington who represents the technocratic circles of the army; and J. Francois, minister of foreign affairs in the provisional government of Haiti. The remaining 18 ministers are not members of this "supergovernment." Having purged the junta's ranks of the most besmirched Duvalier proteges, Namphy tried to increase the authority of the army as a force ensuring the process of democratization in the country. For this same purpose he pledged on behalf of the triumvirate to undertake the development of a new constitution and to hold presidential and parliamentary elections within a period of 10 months, after calling on the population of Haiti "to take part in the renewal of the country."

While providing unlimited support for the new Haitian regime, whose economic and political policy remains unwaveringly pro-American, the USA greeted this step with approval, judging that it opens up broader opportunities for the realization of the second stage of the "Haitian operation," which was designed not only to strengthen control over the situation in the country but also to enhance U.S. prestige in the eyes of the democratic governments of the "free world."

With the implementation of the operation to replace a "dependent dictatorship" with a "dependent democracy" in Haiti, the White House is counting on success due to the lack of a developed political life in the country. At the same time Washington is concerned about which scenario events will follow as they unfold. Despite public approval of the junta, the USA doubts its ability to control the situation in the country and to ensure the transition to civilian rule. Moreover, taking into account the unabated demonstrations by the

popular masses of Haiti, who after so many years of violence and deprivation yearn for immediate changes, the USA seriously fears that the junta will "go too far," then turn back and thus provoke a new social explosion fraught with danger to U.S. interests. In this regard the WALL STREET JOURNAL wrote directly: "Today the USA must gently but persistently arouse the Haitian junta to start building a foundation for the free play of political parties, constitutional reforms, elections and in the end for complete civilian control over the government." [9]

In the opinion of a WASHINGTON POST columnist, the task facing the Reagan administration consists of the following: "...to play its role in such a way as to make a choice between two extreme alternatives." [10]

In its efforts to somehow justify both Washington's trust and the completely understandable hopes of the Haitian popular masses, who demand the implementation of immediate democratic reforms, the CNG announced the freeing of several dozen political prisoners languishing in Duvalier's jails, as well as the disbanding and disarming of the "Tonton Macoutes," many of whom feared the people's retribution and settled in neighboring Dominican Republic, without abandoning ambitious intentions to make an "historical revanche." Opportunities for this do exist. While observing the "ethics" in regard to the "Tonton Macoutes," who cross unhindered a border which is tightly closed to a majority of political emigres, and whose entrance into the country is "strictly rationed," the Haitian authorities do not hide their negative attitude toward the problem of the return from emigration of communists and completely exclude the possibility of legal activity by the communist party. "We now have such a jealous attitude toward the problem of freedoms that we would consider the legalization of the communist party to be a new encroachment on those freedoms," hypocritically stated Rosny Deroches, minister of education in Haiti's provisional government. [11]

Another example of flirtation with the popular masses is to be seen in the junta's request that the Brazilian government hand over Colonel Albert Piard, the head of the Haitian police in the years of the dictator, who had fled there. Urgently needing to bolster its authority, the junta hurriedly published a decree on 18 February 1986 concerning the confiscation of J.C. Duvalier's property, which in essence represented a "drop in the bucket" for the ex-dictator, whose property abroad is estimated to be in the amount of \$400 to \$900 million. Such measures by no means apply to the property of the powerful Bennet family, linked by close family ties to the Duvalier clan, as well as other high officials of the former regime, in whose accounts the lion's share of the national income has settled.

It is understandable that the half-hearted concessions made by the Haitian opposition at the direction of the USA have not led to the stabilization of the situation in Haiti. The new regime, which lacks a broad social base of support within the country, has proved to be incapable of action. As M. Simons, the NEW YORK TIMES correspondent in Port-au-Prince pointed out in April 1986, Haiti after the overthrow of Duvalier was "drifting with the current; it has no course or leadership." The government "only exists," but "does not govern, and has not made one single decision which is vital to the

country." As for Namphy himself, the head of the junta is "confined to bed as he suffers from an indisposition." [12]

The growing isolation of the pro-American junta is completely to be expected. It is becoming increasingly difficult to deflect the attacks of the opposition both from the left and from the right. On the one hand, as the illusions prompted by those unjustifiably large expectations of change which the masses connected with the fall of the dictatorial regime have been crushed, the government has hopelessly lost the trust of the people. On the other, the junta's timid steps along a "reformist path" have been accompanied by open sabotage by the rightists, who have let it be clearly understood that they do not intend to open up a path to any changes. Having unleashed a campaign for the restoration of the former regime, they demand the replacement of the present triumvirate headed by the "spineless" Namphy with a military regime which would "force everyone to fall into line," [13] in other words, a return to Duvalierism.

The camp of the rightist reaction contains the out-of-power Tonton-Macoutes, who have not lost their hope of returning to their previous rights under the new masters. As NEWSWEEK magazine reports, there is information coming from Haiti that the Tonton-Macoutes, who went underground, are intending to "challenge the weak government of General Namphy and possibly are preparing to take power again." [14] In any case Duvalier's former supporters who are part of the new government are not against making use of them at a necessary moment.

More than 60 candidates from 20 political parties which are in a semi-legal position by virtue of the lack of a constitution which would give them legal status, are preparing to participate in the struggle for the presidency of Haiti. A majority of the organizations of the democratic opposition (communists, Social Democrats, leftist Democratic Christians and other parties of the "Haitian left") decisively opposes the anti-people policy of the junta, considering that it is "intolerable to leave the reins of government" in the hands of Duvalier's minions, who intend "to preserve inviolate" the bases of the existing political system.

At the same time a number of politicians in the opposition, including G. Ezhen, leader of Haiti's Social-Christian party, demonstrate a more restrained attitude toward the junta; they are inclined to give the triumvirate "one more chance," to extend its "trial period," taking account of the fact that the country finds itself in a crisis situation. In Ezhen's opinion, if the army, the only organized institution in the country, is not able to ensure order, a civilian government will hardly be able to do so.

It is completely probable that under pressure from two sources--Washington and the popular opposition--Haiti's military elite will hold the promised elections, trying in this way "to legitimize" its rule. If the junta does not survive the "trial period," if it loses control over the situation and events in Haiti develop in approximately the same key as, let us say, in El Salvador after the 1979 coup d'etat, the USA may face the need to make a more categorical choice: "to go as far as in Grenada" to prevent a regime with a leftist, progressive orientation from coming to power. [15]

While Washington holds in reserve the threat of direct intervention, it is conducting at the same time a search for those political forces loyally inclined toward the USA, which are capable of becoming an alternative both to the development of a revolutionary movement as well as to the process of the restoration of the former dictatorial regime. In following the rules of the "game of democracy," the White House can bet on the "legal opposition," without excluding the future possibility of a Democratic Christian experiment which takes into account local Haitian features. Washington fully enters this strategic policy into the context of the current U.S. policy on Central America; within the framework of this policy the "force approach" is accompanied by a tendency to move closer to the "political center," which has been completely defined as Christian Democracy and chosen as the long-term partner of the USA in exchange for the authoritarian regimes, which have outlived their time. This trend has been manifested with the greatest clarity in El Salvador and Guatemala, where the political model of "dictablanda," which is based on the strategy of "reform and repression," represents nothing other than a new, modern tactic for suppression of revolutionary-liberation movements. As the Parisian TEMOIGNAGE CHRETIEN wrote on the eve of the Duvalier regime's fall: in "Washington they would very much like to find someone from the military, they dream about a figure who would resemble the Salvadorean president, N. Duarte." [16] However, it seems that the alternative of repeating the Democratic Christian experiment" in Haiti for now remains in reserve. By virtue of the weakness and immaturity of the local Christian Democracy, the military, who took up key posts in Haiti's ruling elite after the flight of the dictator and who enjoy the secret support of the rightists, will hardly yield power to a civilian government voluntarily. In any case the likelihood of direct or indirect rule by the army will remain in the foreseeable future, no matter what Haiti's political facade might be.

The set of these factors (ideological, economic and political) testifies to all of the complexity of the "transitional moment," which the country is experiencing after the flight of the dictator. Its acuteness results first of all from the interference of the USA, which is playing on the masses' traditional adherence to the ideas of Negritude, on the lack of political institutions, on economic blackmail and on the threat of a military incursion. At the same time this acuteness testifies to the stubborn resolve of the broad masses to put an end to Duvalierism. In the struggle against the bases of Duvalierism, shoots of the Haitians' own political culture are emerging, shoots which no longer fit the American scenario.

"For us communists," emphasized PUCH [United Party of Haitian Communists] secretary Rene Theodore, "the CNG is a temporary government. We state that it is to a certain measure paralyzed due to its own internal contradictions, but at the same time it is reacting to the pressure of the popular movement and has been forced to make concessions." [17]

Under the new conditions the communist party continues to follow a policy of solidarity with the working people, and it has put forward a program of struggle for national democracy and economic liberation; it is designed to serve as a common platform for a united front of all leftist and progressive forces in the country--the bearers of a democratic development alternative.

However, the path to unity still holds many difficulties, including the heterogeneity of the ideological-political forces in the "Haitian left" and the organizational splintering of the democratic opposition, a significant portion of which remains in emigration. It is no easy task to unite the efforts of the various opposition organizations and factions which are operating in a parallel fashion (both within the country and abroad). With consideration for the specific features of the Haitian situation, this kind of parallelism in the leadership of a democratic movement, as a rule, is accompanied by a struggle for hegemony and influence among the forces of the leftist opposition and serves as an extremely serious obstacle on the path of a unitary process. At the same time the very fact of the dictator's flight and the subsequent course of the development of events testify to the enormous potential of the awakened Haitian people and their resolve to fight for national renewal.

FOOTNOTES

1. For more detail see LATINSKAYA AMERIKA, No 6, 1986. pp 16-37.
2. 90 percent of the Haitian population consists of Negroes, the remaining 10 percent are mulattoes.
3. In fact, within the framework of the "new division of labor" Haiti was assigned the role of producer and exporter primarily of agricultural output, in other words, as the "vegetable base" of the USA. EL NUEVO DIARIO. Santo Domingo. 29 March 1984.
4. THE WALL STREET JOURNAL. New York, 10 February 1984.
5. JEUNE AFRIQUE. Paris, 19 February 1986.
6. GRANMA. La Habana, 19 January 1986.
7. JEUNE AFRIQUE, 19 February 1986.
8. LE NOUVEL OBSERVATEUR. Paris, 19 February 1986.
9. THE WALL STREET JOURNAL, 22 February 1986.
10. WASHINGTON POST, 23 February 1986.
11. LE NOUVEL OBSERVATEUR, 14 February 1986.
12. NEW YORK TIMES, 13 April 1986.
13. ESPRESSO. Roma, 27 April 1986.
14. NEWSWEEK. New York, 28 April 1986.
15. THE WALL STREET JOURNAL, 10 February 1986.

16. TEMOIGNAGE CHRETIEN. Paris, 20 I 1986.

17. LE MONDE. Paris, 15 May 1986.

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LATIN AMERICA AND CARIBBEAN

NICARAGUAN INTERNAL AFFAIRS MINISTER BORGE INTERVIEWED

Moscow LATINSKAYA AMERIKA in Russian No 12, pp 48-51

[Interview with Tomas Borge, member of the National Leadership of the Sandinist National Liberation Front and minister of internal affairs of Nicaragua, by A. N. Borovkov, LATINSKAYA AMERIKA correspondent in Mexico and the Central American countries, on 17 July 1986 in Managua: "...The Revolution Defends Itself"; first paragraph is source introduction]

[Text] On 17 July 1986 in Managua A. N. Borovkov, our journal's correspondent in Mexico and the Central American countries, met with Tomas Borge, member of the National Leadership of the Sandinist National Liberation Front and Nicaragua's minister of internal affairs, and did this interview, the text of which is published below.

[Question] The Sandinist revolution, despite the intrigues of the domestic and foreign reaction, has been developing and intensifying for seven years; it is implementing radical transformations in the interests of the broad masses, and it is actively fighting for peace in Central America. In this context how do you judge its role in today's world and its significance for Latin America?

[Answer] First of all, I would like to note that any revolution involves the appearance of a counterrevolution. The Soviet people are well aware of this from their own experience. This is an historical pattern. Further, the logic of social development shows that the time will come when the alignment of forces in the world in favor of revolutionary transformations will achieve such a scale that the classes which are out of power will not be able to put up serious resistance. But for now this moment has not yet come.

Under the present conditions the counterrevolutionary trend of imperialism is growing even stronger, and the danger of it, if one takes account of the desperate attempts by the USA to preserve world domination, as well as the nature of the ideology of the current White House administration, for such a small country as Nicaragua is increasing. Thus, within the framework of the general laws characteristic of counterrevolution, there are new elements emerging which make it extremely dangerous today. In order to understand our situation it is essential to keep this circumstance in mind.

The Nicaraguan revolution sustained victory in a period when an imperialist reaction bordering on fascism was on the upswing. The coming to power in the USA of the Reagan administration at the same time as the victory of the revolution in Nicaragua was a kind of historical coincidence, although it, too, has its own causes. Our revolution triumphed in a region in which American imperialism has almost undivided dominance. Following the revolution in Nicaragua, bourgeois-democratic governments came to power in a number of Latin American countries where military regimes had ruled; the political geography of the continent changed. And although these changes did not touch the actual nature of power, they nonetheless aroused conflicts, which so far have been non-antagonistic, between these governments and American imperialism.

It is clear that certain circles of the national bourgeoisie and their ideologues in Argentina, Brazil, Peru, Uruguay, Ecuador and other countries feel that the Nicaraguan revolution provided a kind of impetus for bourgeois-democratic transformations in these countries. For this reason the appearance of the Contadora and the "support group" was completely natural because it reflected the desire of the countries which comprise them to sustain this impulse. But because the changes in these states were not revolutionary, their governments are working to ensure that the changes being carried out in Nicaragua do not go beyond the limits of traditional bourgeois democracy. For this reason the Contadora role has been reduced to two main functions: on the one hand, the prevention of direct intervention in Central America, which could undermine the democratic process in the region, and on the other, the exertion of pressure on the Nicaraguan government for the purpose of establishing a moderate bourgeois-democratic regime.

Between the gulf of these contradictions the Nicaraguan revolution is moving forward because revolutions which are genuine and based on the support of their people possess an inexhaustible life force.

[Question] In June 1986 the American congress approved the appropriation of \$100 million for the counterrevolutionary bands and sanctioned direct CIA leadership of these bands. This provides evidence that U.S. aggression against Nicaragua is entering a new phase.

[Answer] With regard to our country President Reagan takes an extremely dangerous position, which cannot be viewed in isolation from his entire world policy. It can be said that in all of the history of American imperialism there has not been a more militaristic and aggressive government nor one which has so careless a regard for the fate of humanity as the government which he heads. If he is capable of stating in jest (and in jokes there is measure of truth) that he had given an order to press the buttons and start a thermonuclear war, and that does not feel any guilt about this, then why could he not resolve to destroy the revolution in Nicaragua? By using his influence Reagan has helped to make the U.S. Congress, which sanctioned aid to the counterrevolution, a participant in the policy of the American government.

From the military viewpoint I do not think that this aid will lead to any qualitative changes. Any specialist knows well that the behavior of forces drawn into a conflict is determined by political factors. War is a continuation of politics only by other methods. Accordingly, the war which

the "contras" are waging against the Nicaraguan people is a hopeless venture for them because the counterrevolution has no social base, although it receives financial aid and modern weapons from imperialism. Thus the main danger is not military but strategic and global in nature: the co-participation of the American Congress in White House policy has reached such a scale that Reagan--despite the objections of some congressmen--can escalate military actions to the level of direct U.S. intervention in Nicaragua. As for CIA leadership of the "contras," I do not think that this will change the actual essence of the war, although undoubtedly it will lead to new casualties.

American aid to the "contras" will have serious consequences for our economy. The bands are increasing their activities with the aim of undermining the country's production potential. Up to now Nicaragua has spent about half of all of its resources on defense needs. This \$100 million undoubtedly will lead to an expansion of the scale of military actions, and we will be forced to direct even more resources into the defense of the revolution. Although, according to official data, the country spends about 50 percent of GNP on defense; in fact, if one takes account of a number of indirect costs, these expenditures reach 60 percent.

Moreover, the country suffers from an unfair difference in world market prices for the raw materials which we export and industrial goods which we import. One should also consider that we inherited from Somozaism a backward industry and a deformed agriculture oriented almost exclusively towards cotton production. The country had to begin from scratch to rebuild itself, and under conditions of aggression, no less. To this should be added our mistakes caused by a lack of experience, the American economic and financial blockade, as well as the policy of the traditional political parties--acting at the direction of the USA--and the reactionary segment of the church. In addition, we have had to use the most experienced revolutionary personnel in defense rather than in the sphere of economic management. In my view, this circumstance has enormous negative significance for the economy. All this makes our economic situation extremely difficult.

[Question] I visited Nicaragua for the first time in February 1985. After talking now with representatives from various strata of the population, I have become convinced that during the past year, despite the increase in economic difficulties, the resolve of the working masses to defend the revolution and to extend all possible support to the Sandinist government has not weakened; on the contrary, it has strengthened and grown.

[Answer] That is definitely so. Behind all this there is the inexhaustible will of the people, which defends its future. For what alternative, what other path can be offered to the Nicaraguan people? The question can only be this: either a return to Somozaism or revolutionary transformations. And although the population expresses a natural dissatisfaction because of certain problems--there are interruptions in the water and electrical supplies, there is a housing, public transportation operates poorly, prices for necessities are rising--in general, the population supports the revolutionary transformations.

[Question] Recently the American Congress voted to grant the member countries of the "Tegucigalpa Group" (Honduras, El Salvador and Costa Rica) \$300 million in order to involve them more in the anti-Nicaraguan policy of the USA. At the same time it approved the appropriation to these countries of \$2 million for expenses related to their participation in meetings of the "Contadora group." Can you comment on this gesture?

[Answer] This gesture resembles an evil and unsuccessful joke; it is similar to "black humor." One hundred million dollars for each of these countries represents a very small amount. It is not known precisely what kind of aid these countries are receiving through unofficial channels. It has been suggested that it amounts to about \$400 million. All these millions are appropriated for the Central American countries in order to buy their support for the aggressive policy of the USA.

Under these conditions solidarity with the Nicaraguan people has enormous significance. Many peoples and governments support us. The Soviet Union, Cuba and the other socialist countries occupy a special place among them. We also receive political support from a number of capitalist countries. Here one should mention Sweden and Peru. As for economic aid, while the amount of such aid coming from the capitalist countries has been reduced, the amount coming from the socialist states has grown. However, without any doubt this aid is still insufficient to fully meet the difficulties which we are experiencing.

We view democracy not as an abstract but as a concrete concept. National independence must be its foundation. However, democracy which has arisen on the basis of national independence can have a multitude of characteristics. And when we are talking about revolutionary democracy, then, in my opinion, national independence alone is inadequate: the rejection of capitalism is also essential. We do not stand for democracy which allows the exploitation of man by man, even if the discussion concerns an independent country. Democracy must have a deeper meaning. It must be carried out by a revolutionary class as the main functioning figure which transforms national life. And in Nicaragua this finds concrete expression, firstly, in the ever broader participation by the working masses in the resolution of state questions and, secondly, in the extension to them of increasing freedom of speech, although this, too, is accompanied by a simultaneous suppression of freedom of speech for those classes who oppose the revolution, i.e., who oppose the working people.

It is common knowledge that a revolution which is not capable of defending itself ceases to be a revolution. But in order for it to defend itself modern weapons alone are inadequate. Weapons are only a supplemental means of providing the opportunity to defend oneself. The participation of the popular masses in the defense of its gains remains the main factor. In our country, with a population of 3 million, hundreds of thousands of people can be armed. At present we are not in a position to do this. But the number of arms which we have distributed to the people represents an inspiring figure. And in the final analysis this clearly reflects the character of our democracy for not

one of the bourgeois governments would decide to give weapons to its people because the people would use them against those governments, which do not reflect their interests. In this way the arming of the people in Nicaragua expresses the democratic nature of the revolution and consolidates the revolutionary power.

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LATIN AMERICA AND CARIBBEAN

BOOK CHRONICLING HISTORY OF NICARAGUAN REVOLUTION REVIEWED

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[Review by V.N. Mironov of book "Nikaragua: vozrozhennaya zemlya Sandino" [The Reborn Land of Sandino] by M.F. Gornov and N.Yu. Smirnova, Moscow, "Politizdat", 1986, 158 pages]

[Text] Books about revolution are always unusual. They have about them a special burning air of history, in them one hears the powerful rumble of the worldwide movement of humanity. For this reason when a revolution takes place in a country, even a small one, there are never enough books about it: the readers' interest is too enormous. It is precisely this kind of interest which is aroused by the work under review, a work devoted to the Nicaraguan revolution. Its main hero is to be found in the masses who rose up and in their revolutionary vanguard: the Sandinist National Liberation Front. Through the use of factual material the authors show how the scattered demonstrations of the original few patriotic organizations turned into a powerful national torrent of armed struggle, which overturned the hated dictatorship.

It is impossible to understand 20th century Nicaraguan history, of which the Sandinist revolution became the apogee, without taking account of the spiritual processes taking place in the country over the decades and without explaining the "Sandino phenomenon," if one can express it that way. In the late 20's a situation arose in which a policy of national betrayal by the local oligarchy and the aggressiveness of imperialism led to a profound demoralization of the masses; many patriots fell into despair and inactivity. "It seemed that everyone had given up, everyone except for one person. They called him Augusto Cesar Sandino" (p 17). It was he who issued the call; "Freedom of the people is not discussed, it is defended with weapons in hand" (p 17).

Sandino (at first he was practically alone) began the struggle, in the course of which he managed to instill in his fellow countrymen a feeling of their own worth and to inspire in them a contempt for everything servile in themselves. It was as if all the essential problems of Nicaraguan reality, as well as the broader Latin American reality, were concentrated in the personality of Sandino. His life and struggle show clearly how enormous the role of the subjective factor in history is. From among the entire spectrum of

possibilities for the country's development Sandino achieved (although many years later) what seemed to be the most unlikely alternative and the one most difficult to carry out: liberation from the dominance of the imperialist giant.

The decision of Carlos Fonseca to name the front after Sandino was an outstanding revolutionary revelation. In essence, the discussion was about passing the baton from one generation to another. The experience of the Nicaraguan revolution confirmed that there exists a kind of historical law of the "conservation of struggle" in history: the struggle is never in vain. It may be many years later that the seeds which it has sown actually germinate.

In the history of the world liberation movement it is not easy to find another organization which had so many military defeats before it came to victory. Another party would not have withstood so many blows; it would have come apart. But the front emerged from every defeat even more hardened and resistant. Neither defeats nor the death of hundreds of activists, including the deaths of many leaders--nothing could break its fighting spirit. The book shows convincingly how the SNLF in practice embodied the idea of one of the Nicaraguan revolutionaries, Ricardo Morales Avilez: "People become a vanguard through struggle, no one is preordained for the role." Moreover, this was achieved not only through the unlimited courage of the fighters, but also thanks to the outstanding political mastery of the leaders, who were able to creatively utilize the enormous historical experience of the revolutionary movement in nearly all of its forms: from guerrilla actions and a general uprising to the strategy of broad party-class alliances. The front resolved the most important strategic task of the revolutionary process, which was to ensure that the "military-political initiative of the insurgent minority aroused an avalanche of a mass protest movement capable of bringing down the dictatorship" (p 57).

The authors' undoubted success is in their image of the revolution. In fact, the most impressive pages are the ones which recount the headlong, even headturning course of the final phase of the revolution. Whole years were compressed into the days from 1 June to 19 July 1979. The people in their aroused state formed a broad circle and, breaking the resistance of the Somozaists, headed from the outlying districts of the country to the center, to the capital. "Everyone to Managua!" was the decisive order of the SNLF National Leadership. The entry into the city of forces from various fronts was not simply a military-political culmination; it was the manifestation, if one can put it this way, of the truth and beauty of history. The effect of perfection engendered by the Nicaraguan revolution was obviously determined, first, by the surprisingly united and powerful upswing of the masses, second, by the irreproachably organized and well-timed actions of the vanguard, and third, by the striking synchrony of these actions and the mass struggle: it was as if the revolution "was played according to the music."

The revolution was finished, but... the revolution is only beginning. The book manages to avoid the artificial division into before and after the gaining of power, which is typical of many publications on this subject matter. Liberals of various stripes are always trying to suggest that revolution is destruction, even if inevitable, and always evil. Of course,

the destructive, cleansing work of revolution sometimes takes on enormous dimensions. But the essence of it all is that the destructive force of revolution is inextricably linked to its creative capability. Essentially this is the only transforming force. After all, while breaking down the old, the revolution creates the new. And, on the other hand, while creating the new, it decisively destroys and buries what has outlived its time. This truth is graphically confirmed by reading the pages devoted to the post-revolutionary renewal of the country. The authors accurately and voluminously analyze the economic problems which confront the revolution; the formational processes of the new state are not as well reflected.

Despite the significance of the economic and political transformations, the most profound changes generated by the revolution are manifested in the spiritual and moral sphere. The Nicaraguan revolution is not a revolt of the hungry and downtrodden. It is first of all a "revolution of human dignity," a revolution in which purely ideological, spiritual and, one might even say personal factors played no less a role than economic factors. When a woman can say to a journalist: "We, mothers of the Sandinists, like our children, are prepared for any sacrifices, we are prepared to help the Sandinist Front to the last drop of blood. We are not afraid to die..." (p 192)--this is the highest expression of the moral force of the revolution.

The lyrically written (we are not afraid to use this expression with regard to a political work) chapter entitled "The Motherland Remembers Its Heroes," which is filled with heroic and optimistically tragic elements, is very important for understanding the grandeur and humanism of the Nicaraguan revolution..

In order to revitalize Nicaragua and to build a new society it was necessary to think and feel in a new way. Preserving the memory of the past and of the heroes with whom liberation began... contributes to this (p 121).

The book has certain faults. In our view, it would have been appropriate to reverse the third and fourth chapters and to provide at least a short critical analysis of bourgeois and revisionist concepts of the revolution. There are some phrases which are awkward from a purely stylistic viewpoint: "hunger strike," "to organize spontaneous demonstrations" etc. But these are secondary aspects, which do not detract from the main point, which is that after reading the book, one understands fully how much suffering and hope, blood and joy lie behind the simple words uttered by one of the SNLF leaders, Bayardo Arse, from the podium of the 27th CPSU Congress: "...the people's Sandinist revolution, like part of the world revolution, is historically irreversible."

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LATIN AMERICA AND CARIBBEAN

BOOK ON SOCIAL STRUCTURE CHANGES IN LATIN AMERICA REVIEWED

Moscow LATINSKAYA AMERIKA in Russian No 12, Dec 86 pp 113-115

[Review by A.N. Pukhteyeva of the book "Sotsialnyye sdvigi v Latinskoy Amerike" [Social Changes in Latin America], Moscow, "Nauka", 1986, 223 pages]

[Text] The collective monograph under review continues a series of works by the USSR Academy of Sciences ILA (Institute of Latin America) devoted to various aspects of the social structure of the Latin American countries. Based on an analysis of a broad range of sources and literature the authors conclude that the structure of Latin American society has become significantly more complex.

In this work a great deal of space is devoted to an examination of the place and role of the working class in the social structure of the region's countries. The strengthening of capitalism's positions in the city and countryside, as well as the growing dependence on foreign capital have given rise not only to increasingly disproportional development of the economy, mass unemployment and partial employment of working people, but also to an acceleration of the process of proletarianization. This has increased the proportion of hired workers in the employable population and changed the intra-sector structure of manpower. The number of hired workers grew from 26 million in 1950 to 65-67 million in 1980 (p 18). The expansion of the social boundaries of the working class brings it closer to the middle technical personnel and other white-collar workers and leads to a swelling of the non-production sphere caused by the migration of the rural population to the city and by the limited opportunities for capitalist industry to increase jobs.

In their examination of the new processes and phenomena which have resulted in changes in the social structure, the authors of the work provide a decisive rebuff to the attempts of bourgeois sociologists to present the coming together of workers and scientific-technical specialists in terms of their place and role in the system of public production as a process of the gradual "disappearance" of the proletariat and the growing significance of the "middle class." The book points out that one cannot consider occupational and class differences as the same and that the tendency toward the expansion of the social boundaries of the working class leads to the creation of a real basis for strengthening the shared ideological and political positions of the

technical specialists and other white-collar workers who are coming closer to those boundaries.

The first chapter contains an analysis of the changes in the structure of the region's working class, specifically in such countries as Argentina, Venezuela, Mexico, Chile and Ecuador. The monograph emphasizes the vanguard role of the industrial proletariat; in terms of its place in production and level of organization the proletariat acts as a directing force in the class struggle. While noting the increase in the proletariat's role in the 70's, the authors also dwell on the complex, ambiguous processes of its formation and on such serious problems as mass unemployment and the growth in the ranks of the working class at the expense of the marginal strata of the population.

The increasingly complex structure of the working class, the differentiation of that structure and the growing unevenness in the development of its individual segments and strata create many difficulties for the workers movement; they slow up the processes by which the proletariat is consolidated into a genuinely revolutionary class. The presence of intermediate groups between the middle urban strata and the peasantry contributes to the spread within the workers movement of bourgeois and petty bourgeois reformism and economism, as well as sentiments of petty bourgeois revolutionaryism. Despite the presence of these difficulties, it is the authors' opinion that positive shifts have taken place in the ideological-political and organizational level of the proletariat, in the growth of class organizations, and in the consolidation of the anti-monopolistic and anti-imperialist struggle.

The second chapter is devoted to an analysis of the social changes in the countryside. Among the factors which have influenced the change in the social structure of the rural population, particular attention is devoted to economic processes: to the renewal of archaic production structures, to the modernization of the latifundia, to the intensification of production on the large capitalist farms, to agro-industrialization, and to multinationalization in a number of countries. The poly-class character of the social structure in the countryside and the co-existence of "new" and "old" groups of working people constitute a feature which reflects the multi-layered nature of the agrarian sector.

The intensification of capitalist relations in agriculture leads to the proletarianization and marginalization of peasants in parallel with an absolute increase in owners of small and very small land holdings. Capitalist modernization of the agrarian sector has a dual nature: on the one hand, it contributes to technical progress, and on the other, it contributes to a further increase in exploitation, to the ruin and proletarianization of the peasant masses, and to the exacerbation of class conflicts. This objectively brings the peasants and agricultural workers closer to the urban proletariat and creates the basis for an alliance of the working class and the working peasantry. The peasant movement of the 60's to the early 80's in a number of the region's countries testifies to the tendencies toward the maturation of the objective factors related to the further growth of such an alliance.

The third chapter provides a general description of the bourgeoisie and an examination of the changes in its social structure, the reasons for these

changes and the role of foreign capital, which has increased the dependent nature of capitalism in Latin America. In the work it is noted that the present stage in the capitalist development of the region contributes to the accelerated concentration and centralization of production and capital. This has already led to the emergence of a financial-industrial oligarchy, to the growth in the role of the state banks, to the strengthening of their ties with the monopolistic national capital, and to the acceleration of the formational process of state monopoly capital (SMC).

Among the new phenomena which are exerting a large influence on social shifts in the milieu of the ruling classes the authors include the desire of the national monopolies to establish firm relations with foreign capital, and especially with the multinational corporations (MNC's). It is for these reasons that SMC in the Latin American countries is not developing in the classic form characteristic of the industrially developed countries of Europe and America, but represents instead the coalescence of three elements: the MNC's, local monopolies and the state (p 127). The important characteristics of the ruling classes at the present stage also include the link between representatives of the higher state bureaucracy and the financial-industrial oligarchy, the increased political activity of the region's ruling groups and their growing influence on all aspects of the life of bourgeois society.

In the 70's the watershed between the local monopolies and the nonmonopolistic bourgeoisie became more sharply defined. The authors noted that during this period two factions of the local upper bourgeoisie were formed: the pro-imperialist and the appeasement factions. The middle and lower bourgeoisie proved to be increasingly dependent on the MNC's and the local monopolies. An analysis of the structural changes in the Latin American ruling classes shows that the consolidation of the positions of the monopolistic bourgeoisie, as well as its link with the MNC's, led to a sharp exacerbation of class conflicts, to the intensification of the structural crisis and to an increase in the struggle of the antimonomopolistic forces in the region's countries.

The characteristics of the social shifts in Latin America revealed by the authors make it possible to understand more thoroughly the revolutionary processes in the region at the present stage and to consider the question of the achievement of unity among the democratic, anti-imperialist forces. Many of the monograph's conclusions have considerable significance for the prognostication of the economic and social-political development of Latin America.

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LATIN AMERICA AND CARIBBEAN

SOVIET-MEXICAN SYMPOSIUM ON LATIN AMERICAN ECONOMIC PROBLEMS

Moscow LATINSKAYA AMERIKA in Russian No 12, Dec 86 pp 117-118

[Article by V. G.: "Soviet-Mexican Symposium in Tbilisi"]

[Text] In July 1986 a Soviet-Mexican symposium on "The World Economic Crisis and the Urgent Problems of Mexico and Latin America" was held in the capital of the Georgian SSR. Leading staff members from the Institute of Latin America (ILA) of the USSR Academy of Sciences, the Center for Scientific Information of the Georgian SSR Academy of Sciences and the Center for Research into the National Economy (CEEN), which comes under the United Socialist Party of Mexico (USPM), took part in the work of the symposium. The main purpose of the meeting between scholars of the two countries was to exchange scientific information gained from research into the most acute problems of Mexico and Latin America.

Ye.K. Kharadze, president of the Georgian SSR Academy of Sciences and academician of the USSR Academy of Sciences, made the opening remarks to the symposium participants. He emphasized the urgency as well as the scientific and political significance of the questions set down for discussion and pointed out that Soviet-Mexican scientific cooperation, which is growing in many directions, is a guarantee of their successful resolution and an important contribution to the realization of the peace-loving foreign policy tasks posed by the 27th CPSU Congress.

"Forgive me for my occupational bias," Ye.K. Kharadze said, "but I cannot help remembering at this time the well-known Mexican astronomer Gillermo Aro, who visited us at the Abastumani Astrophysical Observatory about 20 years ago. In March of this year at the General Meeting of the USSR Academy of Sciences (AS) I had an opportunity to meet with him once again and to congratulate him on winning the highest award of the USSR Academy of Sciences, the M.V. Lomonosov Gold Medal for services in the field of astronomy."

In the course of the symposium's work the participants exchanged opinions on two basic subjects: the foreign debt problem and the social-political consequences of the economic crisis in Latin America. The discussion of the first subject began with a report by V.V. Volskiy, corresponding member of the USSR Academy of Sciences and director of the ILA of the USSR Academy of Sciences. He exposed the link between the debt crisis which the region is

experiencing and the intensification of the general crisis of capitalism, which is characterized by the weakened U.S. economic and political positions in the world, and by attempts to retain those positions through the utilization of the latest achievements of the scientific and technical revolution to increase the arms race, as well as by attempts to transfer the burden of that race onto the developing countries, including those in Latin America. For this reason, the report emphasized, there is no economic solution to the foreign debt problem. There is only a political solution, which is based on the collective will and which is aimed at redirecting funds which are being spent on the arms race for purposes of development and the elimination of backwardness.

This position was developed and further details were provided in the presentations by L.L. Klochkovskiy, doctor of economic sciences; I.K. Sheremetyev, doctor of economic sciences; N.G. Zaytsev, candidate of economic sciences; and V.M. Davydov, candidate of economic sciences. This kind of approach to the foreign debt problem, noted Eduardo Gonzalez, member of the Political Committee USPM Central Committee, makes it possible for progressive Mexican progressive researchers to look in a new way at the basic problem of Latin America--the debt crisis--and to deepen the international aspect of the national approach to the solution of the foreign debt problem. In turn, the reports by Jose Rivera de la Roz and Jose Ayaly gave Soviet Latin-American specialists an opportunity to trace the formational process of the most important components of the debt, to determine which of them developed as a result of the credit-financial policy of the centers and which developed from the irrational activities of certain circles of the local bourgeoisie.

The exchange of opinions on the second subject also proved to be fruitful. The participants in it included A.N. Glinkin, doctor of historical sciences; B.M. Merin, doctor of hisotrical sciences; A.D. Bekarevich, candidate of economic sciences; V.V. Zubenko, candidate of economic sciences; Yu.I. Vizgunova, candidate of historical sciences; Mario Deesa and Froilan Lopez. The speakers directed attention to various aspects of the effect of the debt situation on the continuation of the conflict in Central America and to the U.S. attempts to use this situation for the struggle against national-liberation forces in the region. The example of the development of the domestic political situation in Mexico was used to show how the utilizes in its own interests the polarization in the the forces of Mexican society, which has been intensifying in recent years. Under these conditions the pro-imperialist circles of the national bourgeoisie are attempting to take advantage of mass social protest; they are changing their electoral tactics, as well as the ideological means and methods of influencing the masses. These actions are frequently concealed with slogans about the need to struggle against the state bureacracy and to struggle for the expansion of democracy, etc. In fact, as noted in the presentations, they lead to a strengthening of the social and political predominance of imperialism. This kind of position requires a new approach to the problem of unity among the leftist forces; it requires the conversion of the progressive, democratic parties and movements into the vanguard of the anti-imperialist struggle.

After noting the creative character of the symposium and the practical importance of this kind of meeting, Eduardo Gonzalez made a proposal to hold a

scientific forum in Mexico in 1987, with participation by ILA and CEEN specialists, on a number of other questions which have great significance for the further development of an effective way to overcome backwardness, a way which takes into account all the complexities in the dialectics of the relations between the struggle for radical national transformations and the creation of the new international economic order.

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HAITIANS APPROVE DRAFT CONSTITUTION, REMAINING DOUBTS ALLEGED

Moscow PRAVDA in Russian 6 Apr 87 p 6

[Article by Vadim Listov: "They Are Opening the Valve"]

[Text] The referendum on the question of adopting the new constitution was held several days ago in Haiti. In the country, which was a "kingdom without rights" for three decades, the population went to the polling places for the second time in less than six months. In October of last year the elections for the Constituent Assembly were held, and now the Haitians have been given the opportunity to express their attitude toward the new draft constitution. In order to make participation in the election easier for the voters (85 percent of the population is illiterate), colored ballots were used: white ("for") and yellow ("against"). Judging from reports arriving from Port-au-Prince, almost 60 percent of the Haitians having the right to vote took part in the referendum; the majority voted with the white ballots.

Formally the new constitution legalizes what the Haitians have been fighting for for decades. For example, the activity of political parties is permitted and basic civil rights and freedoms are proclaimed. But the mood of the voters was particularly influenced by those articles which forbid followers of Duvalier to occupy posts in the state apparatus and limit the term of president to five years. Nonetheless, no less than 40 percent of the adult Haitians did not vote. This tells one, on one hand, about the memory of the reprisals by Duvalier's men against dissidents, and on the other hand, about the doubt that the rights and freedoms proclaimed by the new constitution will really be observed and respected.

The Haitians have every reason to doubt that not only the current pro-American regime, headed by General Namphy, but also those that follow him will really implement the democratization of the country.

The growing popular dissatisfaction has prompted the American advocates of "Duvalierism without Duvalier" to look more seriously at the "Haitian question". Judging from everything, in Washington they decided to open a valve and let the steam escape through several channels. In particular, the adoption of a new constitution, which, by the way, does not contain any guarantees of the rights and freedoms of the citizens proclaimed in it, is clearly calculated to prove that the country is really implementing "the democratization in the interests of all the people." At the same time they are taking measures for the economic salvation of Haiti. They understand in Washington that if the disastrous situation of the people is not improved even in the slightest, the pressure in the "Haitian cauldron" will once again reach a dangerously critical level. That is why in addition to the previous dollar influx, the World Bank has just granted Haiti a loan of 40 million dollars. This was done several days before the referendum, which gave the loan an openly political character.

Of course, in comparison with the dark days of the Duvalier tyranny, the adoption of the new constitution signifies a step forward on the path of reestablishing in Haiti a regime of "representative democracy". However, the Haitian communists are correct, who consider that the new constitution in and of itself does not resolve the problems facing the country. It is also important that it will be observed by the ruling circles and that the democratic forces and all the working people display the decisiveness to achieve real embodiment of its provisions.

CSO: 1807/263

CHINA/FAR EAST/PACIFIC

NEW SATELLITE COMMUNICATIONS SYSTEM LINKS USSR-PHNOM PENH

Moscow IZVESTIYA in Russian 21 Jan 87 pp 1, 4

[Article by B. Vinogradov: "Phnom Penh's Space Communications Mirror"; first two paragraphs are introduction]

[Text] This is our correspondent's first story to be transmitted from the capital of the People's Republic of Kampuchea to Moscow via direct space communications link-up.

The Intersputnik space communications station's silver antenna was placed in all its glory over the crowns of the spreading palms near the lively intersection of Soviet Union Boulevard and the central avenue of Phnom Penh. Its intricate geometrical shapes stand out against the background of eastern monuments, contrasting sharply with them.

La Narat, technical director of the station, summed up the architectural incongruity thus when we met at the facility: "Well, time makes certain changes to the face of the city. But the residents of Phnom Penh have gotten used to it. Local papers and magazines are happy to print pictures of it, even though there is not yet a whole lot going on at it."

Construction personnel were busily at work on the site around the main building, which was surmounted by a parabolic antenna mirror that reflected the blinding glare of the sun. Bulldozers, a crane, winches, a cement mixer, and other construction equipment all roared noisily as bricklayers put in the walls of the second story of the auxiliary building, which would house the telephone center, laboratories, and service personnel. La Narat explained that the final stage of the project was being completed by the state construction organization under contract to the Department of Posts and Communications, and that the Soviet technical advisory personnel had almost finished with their part of the job. The station was ready to be linked up with the city lines and go operational; in fact, the certificate of readiness for operations had already been signed.

We entered the building, whose air-conditioned interior was pleasantly refreshing after the outdoor heat. Inside, the flashing lights on instrument panels and oscillograph screens give one the unshakeable feeling that he is in touch with the immensity of space. And as you listen to telephone operators

from the distant Russian city of Vladimir answering calls from Phnom Penh, you begin to realize that the space communications network is getting heavy usage.

Even so, when I asked if it would be possible to connect me with my editors, I was worried because this would be my first report filed from Kampuchea by telephone.

For years, journalists in Phnom Penh have not had a telephone link to use, and instead we have had to send our reports through Hanoi or Vientiane. So the new system was wonderful. After a few minutes of waiting, the polite voice of the operator from Vladimir informed me that Izvestiya was "on the line." That very day, the 6th conference of the National Council of the United Front for National Construction and Defense of Kampuchea had begun in Phnom Penh. Information on this political event of such importance for the republic was transmitted to the USSR on time and appeared in the evening edition of Izvestiya.

Yuriy Anatolevich Perepletchikov, who later showed me around the facility, was the leader of the Soviet technical personnel. He told me that as far back as October, construction on and troubleshooting at the facility had been completed and communications tests had been carried out. He continued, saying that the Phnom Penh television center was now going to be broadcasting to and receiving from Moscow, Kabul, Hanoi, Vientiane, Paris, and, eventually, Berlin on two channels with sound. He also said that Phnom Penh's foreign telephone and telegraph capabilities are becoming much more extensive. Now one of the 16 member-states of Intersputnik, the international space communications organization, the Peoples Republic of Kampuchea is opening its window onto the world of information. It was interesting to learn from him that the Statsionar-13 satellite, which I had just used to speak to Moscow, was the one being used for communications in Asia.

Among the Soviet technical personnel were several with whom I had been acquainted for years: V. Sanin, N. Pakatin, and D. Terekhin. It was they who had helped put in the space communications systems now being used in Vietnam and Laos, where we had met, at the same time training local personnel to operate the mysterious and complex electronic gear.

La Narat continued our conversation: "According to contract, our Soviet friends will be helping us run the station. During this time, they will be able to train the Kampuchean technicians who will be taking it over on an independent basis later. Several people, five of whom will graduate and return to Phnom Penh next year, have been sent to the USSR for training. But for now local personnel are getting hands-on training. They are hard workers."

At 26, Pot Sarin, who speaks excellent Russian, is the oldest member of the group of local personnel. He is a recent returnee from Kiev, where he spent five years at a communications tekhnikum [technical vocational school]. His comrades, Li Khei and Am Sarin, are younger than him, and just completed an 18-month school course on radio broadcasting in Phnom Penh.

According to them: "Our training at the station starts at square one. You have to study everything, omitting nothing, in order to really know this job. The

Soviet specialists are top flight. It is an honor and pleasure to learn from them."

I parted with the communications personnel and headed into the city after hearing of an "event" to which I was summoned. As I left, I looked once again at the facility, trying to find the best way to remember its shape, and noting the juxtaposition of the silver antenna and the magical mirror that picks up the entire world. La Narat was indeed right: the city that had once been called "dead" and a "ghost town" was acquiring a new face. And the images of the space age--images that signal activity and energy--fit beautifully into its architecture.

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CSO: 1807/165

MIDDLE EAST/NORTH AFRICA/SOUTH ASIA

ALGERIAN-CEMA TRADE RELATIONS SURVEYED

Moscow EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV in Russian No 12, 1986 pp 83-88

[Article by Aleksandr Korotayev of the CEMA Secretariat under the rubric "Economic Ties of the CEMA Member-Countries with Other Countries": "Business-like Collaboration with the DPRA"]

[Text] The Democratic and Popular Republic of Algeria [DPRA] is a developing nation in the Northwestern part of Africa; the country has a territory of 2,382,000 square kilometers. Its population numbers 21.2 million persons, mainly Arabs (Algerians). Its capital is Algiers.

The country's independence was proclaimed on 5 July 1962, which marks the victory of the Algerian people in a prolonged, bloody struggle against the French colonialists.

According to its Constitution, the National Liberation Front is the "only party of the country, which is governed by the power of society."

The DPRA plays an active role in the Movement of Nonaligned Countries. Its domestic policies bear an anti-imperialist character. The republic pursues a consistent course of developing friendly relationships with the socialist and the progressive developing countries.

The CEMA member countries are building their foreign economic relations with the Democratic and Popular Republic of Algeria on the basis of respect for national independence and sovereignty, noninterference in internal affairs, fully equal rights, mutual benefit, and nondiscrimination. These principles have been reflected in agreements on economic and technical collaboration. This collaboration has had a broad and stable character since the middle of the 1960's.

The economic and technical assistance provided by the CEMA member countries to Algeria has important meaning for strengthening the state sector of its economy. It is being directed toward creating the material and technical base and is contributing to the solution of social and economic problems, among them, that of ensuring that qualified native personnel are available.

The collaboration of the countries of the socialist commonwealth with Algeria is developing from year to year. With the technical assistance of the CEMA member countries, about 300 industrial, power, agricultural and other enterprises have been put into operation and more than 70 projects are being built or are planned for construction. The fraternal countries are helping to strengthen the national economy and to increase the potentials of many leading sectors, and are assisting in the development of economically backward regions, the exploitation of natural resources, the expansion of production and economic ties between the country's regions, and the increased employment of the work-fit population.

The fraternal countries are making a substantial contribution to carrying out the Second Five-Year Plan for Economic and Social Development During 1985-1989, which was approved by the Algerian National Assembly in December 1984.

Planned introduction of new equipment and technology is being provided for and a scientific and technical infrastructure is being created in accordance with agreements.

An important prerequisite for developing the national economy and improving its structure is the exploration and exploitation of natural resources.

The CEMA member-countries are giving Algeria extensive assistance in carrying out geological survey operations for petroleum and gas and for solid minerals and, along with this, are helping to create a cadre of Algerian geologist and a national geological service -- SONAREM (State Company for Exploration and Exploitation of Mineral Resources). Thus, the entire territory of Algeria has been surveyed and a geological map has been compiled jointly with Soviet specialists. Promising areas for subsequent detailed study have been determined on the basis of this.

Together with their colleagues from Bulgaria, the GDR, Poland, Romania, the USSR, and the CSSR, Algerian specialists have surveyed deposits of petroleum and gas, iron ore, polymetals, tin, mercury, rare metals, and nonmetal minerals; this has served as a basis for establishing a mining industry and for developing such sectors as ferrous and nonferrous metallurgy, petroleum processing, a glass industry, a construction materials industry, and others.

The El Hadjara Metallurgical Combine in the region of the city of Annaba, built with the technical assistance of the Soviet Union, has become the showpiece of ferrous metallurgy. At the present time it is producing 1.8 million tons of steel, 1.4 million tons of cast iron, 1.2 million tons of coke, and also 540,000 tons of rolled metal. Equipment for a 250 light-section wire mill was delivered from the GDR. The combine is supplying pipe for the petroleum industry and rolled metals for construction, the metal-working sector, and machine building.

East German organizations have built a large casting shop in the city of Tiaret, bringing in foreign trade firms from Bulgaria, Hungary, Poland, the USSR and Czechoslovakia as subcontractors. Part of the machinery and equipment for a casting and fittings plant constructed with the assistance of the GDR was supplied by Hungary, Poland, the USSR and the CSSR.

With the participation of Soviet organizations, a metal construction elements plant, with a capacity of 30,000 tons of products per year, has been built in the city of Annaba. A plant for the annual production of 27,000 pumps has been built and fitted out with modern equipment in the city of Berruagia with GDR and CSSR.

Algeria's successes in collaboration with the CEMA member-countries in the metallurgical and metalworking industry have made it possible to substantially reduce imports of metals and certain products manufactured from it.

Enterprises important to the Algerian economy have been constructed with the collaboration of the CEMA member-countries in the nonferrous metallurgy and the mining industry sectors. Bulgarian organizations have built the Kerzet Yusef ore-enrichment combine for the processing of 100,000 tons of lead-zinc ore annually. The Ismail mining and metallurgical enterprise in Azzaba, capable of producing more than 300,000 tons of mercury a year, and a lead-zinc enrichment factory in El Abed, with an annual capacity of 680,000 tons of ore, have been built with the assistance of Soviet organizations.

Thanks to collaboration with the fraternal countries in exploring and exploiting a number of nonferrous metal deposits, the export potentials of Algeria's national industry have been substantially increased. In particular, the country has become one of the leading exporters of mercury.

Algeria's energy base is being developed with the active assistance of the CEMA member-countries. Skoda Export in the CSSR has participated in equipping a thermal electric power plant, with a capacity of 274,000 kw, in the city of Skikda. It was built by the Bulgarian Tekhnoeksportstroy association. Czechoslovakia is building still another thermal electric power plant with a 250,000 kw capacity. A thermal electric power plant with a capacity of 55,000 kw has been built in the city of Annaba with the participation of Soviet organizations. These thermal electric power plants are playing a very important role in supplying power to the eastern regions of Algeria.

The Soviet foreign trade organization Technopromeksport has signed a contract for construction of a large thermal electric power plant, with a capacity of 630,000 kw, in Zhizhele and is now engaged in technical planning work. It is planned to build the project on a subcontracting basis and that Soviet organizations will collaborate extensively with the local firms which will manufacture equipment and carry out construction and installation operations. This will be one of the largest electric power plants in Algeria. When it is put into operation, the capacity of all the electric power plants in the DPRA will be increased by 20 percent.

The petroleum and gas sector forms the basis of the Algerian economy (its share of the gross internal product is about 30 percent). In 1985, more than 48 million tons of petroleum, including condensate, 73 billion cubic meters of natural gas, and about 20 billion cubic meters of liquefied gas were extracted and processed.

After Algeria gained its independence, a sharp need appeared for national cadres for the country's petroleum and gas industry. For the training of middle-echelon specialists and technical workers, The USSR provided economic and technical assistance in building and supplying modern equipment to a National Institute for Petroleum, Gas and Chemistry, with a technical high school in Bumardes, helped develop programs, study and methodological materials and texts, and temporarily assigned a group of teachers to it. When Algeria nationalized its petroleum riches and the western engineers and technicians were recalled from the oil fields, graduates of the National Institute for Petroleum, Gas and Chemistry arrived to replace them and, with the active participation of specialists from the CEMA member-countries, ensured uninterrupted operation of all the country's petroleum and gas facilities.

Completely equipped drilling installations have been delivered from the USSR and Romania for the state national petroleum company, Sonatrak, and petroleum specialists have been assigned for exploratory and operational drilling. Soviet and Romanian specialists have taken part in installing and starting up drilling installations, as well as in carrying out drilling operations.

In 1986, Soviet organizations, working on a subcontracting basis, completed construction of two sectors of the Alra--Hassi-Messaoud gas pipeline, with a length of 653 kilometers, which joins the largest of the natural gas deposits.

Algeria's petroleum and gas extracting industry is its basic source of hard currency funds and of financing for the plans and programs that are being carried out for the country's social and economic development.

The mutually beneficial economic and technical collaboration of the CEMA member countries with the DPRA bears a complex character. Cooperation in the utilization of Algerian phosphate supplies is a clear example of this. Specialists from the fraternal countries have conducted geological exploration operations and have taken part in the mining and processing of phosphate raw material, and also in the training of Algerian technical personnel. Necessary machinery and technological equipment has been delivered to the DPRA. Algeria is selling half of its phosphate exports in the countries of the socialist commonwealth.

Deliveries of Algerian phosphates and of fertilizers produced from them have had great importance for the economies of the CEMA member-countries. They have helped to increase yield levels of grain and other crops and to carry out the Long-Term Special-Purpose Program of Cooperation in the Field of Agriculture.

Broad cooperation is also occurring between the fraternal countries and the DPRA in the construction of enterprises for the light and food industries.

Bulgaria, jointly with the GDR, has taken part in creating a textile combine with 15,000 spindles and 500 looms and, in cooperation with the CSSR, in building a plant for the production of face and hard leather. Poland has equipped a textile combine. The Czech KOVO association has built 6 footwear factories, including one to produce leather footwear for children (1,200 pairs of footwear per shift).

Hungary has made a noticeable contribution to development of the food industry: two plants for preserving vegetables and fruits, 2 flour mills with a capacity of 200 tons per day, 4 grain storage silos with a capacity of 17,600 tons, 3 large industrial refrigeration facilities, and 4 feed-blending plants, each with a capacity of 15 tons per hour, have been built. Construction of a bread plant capable of producing 60 tons a day is being completed. With GDR help, several potato storage facilities have been built. Bulgaria has taken part in the construction of enterprises for the manufacture of cognac and of a canning factory.

The CEMA member-countries are helping to develop the construction industry. Hungarian organizations have built a home construction combine with a capacity of 500 apartments a year, are taking part in housing construction (2680 apartments), and have erected a plant for the production of lime that has an annual capacity of 100,000 tons. Poland and Romania are also participating in the planning and construction of apartment houses. Cement plants have been erected with the assistance of Hungary and Czechoslovakia. The Soviet Union has built a window glass shop, with a capacity of 15,000 tons a year, in the city of Oran and has modernized a ceramic tile plant. Bulgaria has erected a window frame plant and has provided equipment for the manufacture of building materials.

Hungarian and Romanian organizations have taken part in supplying complex sets of equipment for telegraphic communications and also telegraph substations and in helping to develop a telephone system. The GDR has built a large plant for producing cable in the city of Biskra.

The position of the public sector in Algeria's agriculture is being strengthened. State and cooperative farms, which have been given the use of lands confiscated from the European colonialists in 1962-63, and also cooperatives, established on the lands distributed among small land-holders and landless peasants in the course of agrarian reform, are producing approximately one-third of agricultural output. Their basic specialization is in export crops: grapes, citrus fruits, grains, and vegetables.

The assistance of the countries of the socialist commonwealth also pertains to irrigating the land and mechanizing Algeria's agriculture.

They are visibly helping in the development of the republic's water resources. Bulgarian, Polish, Romanian and Soviet organizations are conducting hydrogeological surveys and are drilling bore holes for water. Dams and other

hydrotechnical projects for irrigation of dry lands are being built with the participation of Bulgaria, Hungary, Romania and the USSR; specialists from Bulgaria and USSR are helping to assimilate these for growing industrial and food crops.

The CEMA member-countries are supplying the DPRA with agricultural machinery and with various technical equipment. With the help of Soviet organizations, 10 repair workshops to perform major repair of agricultural equipment have been created; each of them completes 250-300 repairs a year. Romania is exporting complete sets of equipment for pumping stations to Algeria.

Our Bulgarian colleagues are passing on rich experience in crop and animal raising. Hungarian organizations are building 10 poultry farms and 2 poultry slaughtering centers. Soviet specialists are assisting in the formation of a veterinary service. Poland has taken part in the creation of dairy farms and experimental stations for raising sugar beets and feed crops.

The assistance of the CEMA member-countries in irrigation construction and agricultural production is helping the DPRA to solve a pressing food problem; as is known, the country spends large amounts for the purchase of food products abroad.

The countries of the socialist commonwealth are making a fundamental contribution to development of education and public health in the DPRA.

Besides the National Institute for Petroleum, Gas, and Chemistry in the city of Bumardes, a Water and Land Improvement Institute in the city of Blida, accommodating 1800 students, a National Institute of Light Industry for 2500 students, and a Mining and Metallurgical Institute have been established thanks to the assistance of the Soviet Union; with the participation of the GDR, an Institute of Precision Mechanics and Optics and an Institute of Electronics have been created and a construction institute is being established.

Broad preparation of qualified Algerian workers is being carried on at centers for professional and technical training, which have been set up with the assistance of the fraternal countries. During 1984-1985, Hungary built 4 professional and technical schools for training water management workers. With the GDR help, 2 professional and technical schools have been established, one of them for training personnel for agriculture and the other for training highly qualified mechanics and carpenters. The Soviet Union has assisted the construction and reconstruction of more than 30 centers, at which 40,000 persons have received professional and technical education, including training for geological survey work, for the metal-working and mining industries, for tractor and construction equipment repair, and also training for agricultural machine operators, etc.

Algerian national cadres are also being trained within the CEMA member countries. More than 4,000 Algerian citizens have graduated from the higher and secondary special education institutions of the fraternal countries and about 2,000 are studying in them at the present time, including about 100 on CEMA scholarships. A large group of Algerian specialists has gone through

production and technical training at enterprises, in institutions, and in professional and technical education institutions of the fraternal countries.

Specialists from the countries of the socialist commonwealth, sent on temporary assignment to the DPRA, are providing a great deal of help in training Algerian personnel. They are not only taking part in the construction of projects and their exploitation, in the installation and adjustment of equipment, and in carrying out geological and hydrogeological operations, but are also freely sharing their rich experience and knowledge and are helping Algerian specialists and workers to master modern equipment, machinery and technology, and advanced work methods. At the present time, about 10,000 specialists from the fraternal countries are working in various sectors of the economy. Among them is a large group of teachers and doctors.

Algeria is one of the most important partners in the foreign economic relations of the CEMA member-countries with the developing countries. The establishment of intergovernmental mixed commissions for economic collaboration in the trade and scientific areas between Algeria and a majority of the CEMA member countries has evidenced their mutual desire to continue trade and economic ties. At the sessions of the commissions, the state of trade and economic cooperation between the countries is examined, ways are sought to increase its effectiveness, and future prospects are designated on the basis of state plans for economic development.

The countries of the socialist commonwealth are consistently helping Algeria to advance along the path of independence and progress, in the formation and development of the country's economy.

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